NORTHWESTERN ELECTRIC COMPANY

PUBLIC SERVICE BUILDING

PORTLAND, OREGON

May 24, 1939

Federal Power Commission
Washington, D.C.

Gentlemen:

Pursuant to Section 20 of your Uniform System of Accounts, and your order of May 11, 1937, there is submitted herewith a report comprising Statements "A" to "I" inclusive, as defined and set forth herein.

These statements are being submitted by the Company for the sole purpose of reporting pursuant to the provisions of your Uniform System of Accounts and your order of May 11, 1937, which requires the Company to classify its electric plant as of January 1, 1937, in accordance with prescribed accounts.

The information contained in these statements is based upon the books and records of the Company and other available information and upon estimates required by the Uniform System of Accounts. Although the statements have been prepared as carefully as circumstances would permit in the limited time allowed by the Commission and are believed to be accurate, further study may disclose necessity for amending such statements either in whole or in part and the Company hereby reserves the right to amend such statements in whatever respect may be necessary in order more completely or more accurately to state the information set forth or which should be set forth therein.

The Company's accounting procedures are subject to regulation by the Public Utilities Commissioner of Oregon and by the Department of Public Service of the State of Washington and it may be that either or both of said authorities now claims or may hereafter claim jurisdiction over some or all of the matters to which the statements comprising this report relate. The Company reserves the right to question the jurisdiction of the Federal Power Commission over the matters to which this report relates as well as the validity and scope of the several provisions of the General Power Act and the validity and scope of any rule or regulation heretofore or hereafter made under said Act.

Yours very truly,

C. W. PLATT
Secretary and Treasurer

Statement "A"

Origin and evelopment

Northwestern Electric Company was incor;orated on January 7, 1911, under the laws of the tate of ashington. or some months prior to that date the incorporators of the Company had carried on investigations to determine the feasibility of leveloping a hydro-electric project to furnish power to the rown-Columbia ulp and aper Company (now rown- ellerbach Corporation) at Camas, ashington. The investigations included engineering surveys of a number of streams from which in due course a location was selected on the hite almon iver in southern ashington. here a plant of 9600 rated capacity was installed during the years 1912 and 1913.

The agreement to furnish power to the Crown-Columbia ulp and aper Company was ex,ressed in a contract dated ecember 6, 1911, and was drawn to expire June 1, 1955. ith their engineering survey completed and a valuable contract in hand for a large base load, the incorporators proceeded to construct their generating plant and to build a 66,000 volt transmission line to the paper mill at Camas, where service was first furnished in april of 1913. Two months later distribution of lectric service was begun to general customers in amas and nearby washougal.

In the meantime the plans of the incorporators were expanded to include a general utility business in ortland, regon. This required the extension of transmission facilities to ortland and the construction therein of a steam generating station as an additional source of power. This steam plant was built also as a source of steam for a central steam-heating system for the downtown area of ortland. perations on an established basis in ortland date from July of 1914.

From the beginning of the investigations and surveys until early in 1912, the enterprise was carried on with funds provided entirely by the incorporators. The decision to enter what would be a competitive field in the City of Portland presented a much larger financing problem and the greater risk was carried by the incorporators until earning stability could be proven and permanent financing undertaken. During this period the cash requirements of the whole undertaking were met by the issuance of short term obligations secured directly or indirectly by the credit of the incorporators. As construction progressed, these guaranteed short term obligations reached a sum in excess of $2,500,000.

The principal incorporators served in executive and administrative capacities from the date of incorporation to March, 1915, having served without compensation until after the company had passed through the initial development period and was ready for permanent financing. They gave personal attention and direction to the acquisition of lands and water rights for the hydro-electric project, to the purchasing of supplies and equipment, to administrative and general supervision of construction, to the securing of franchises and connected business, and to other corporate matters. They negotiated the short term obligations referred to above, guaranteeing them in large part by their own endorsements and in due course sold by solicitation at their own cost and expense, a large issue of preferred stock of the Company.

As compensation for their promotional efforts and their executive and administrative work and to the Company extending over a period of years as above stated, for the risk incurred in furnishing capital and guaranteeing large sums of money invested in an unproven enterprise, and for costs incurred in the solicitation and sale of the preferred stock issue, the incorporators received

as their entire compensation the common stock of the Company which was issued to them in an amount of 100,000 shares.

The growth of the Portland load and the urgent demand for power near the close of the World War and during the post-war period necessitated the building of an additional steam plant on a site at the foot of Lincoln Street in Portland.

The Company confined its activities to these areas up until the summer of 1921 at which time it applied for and received a franchise in the City of Vancouver, Washington, and on highways immediately adjacent thereto, and immediately proceeded to render electric service therein.

In 1922 it extended its 66,000 volt line about 45 miles from Camas to Vancouver, Washington and connected the Vancouver and Portland areas with a 11,000 volt line. In 1923, additional generating capacity was installed in the Station at Lincoln Street to meet the growing loads of the community, and in 1929 a further installation was made at this plant for the same reason.

From the date of incorporation to March 1, 1925, the original interests retained control of the Company. During March 1925, the American Power & Light Company acquired control of the Company through the purchase of the common stock from non-affiliated interests. The Company has been informed by American Power & Light Company, which owns all of the common stock, that the purchase price of such stock to it approximated $50.00 per share.

The reproduction cost new of the property at the date of acquisition by the American Power & Light Company is estimated to have been $15,560,000. The fixed capital account of the Company as of the same date, adjusted to give effect to a subsequent restatement of the fixed capital account (See Statement C herewith), amounted to $14,573,588.75. Said reproduction value of the property at

the date of acquisition by American Power & Light Company is based on an inventory and appraisal as of December 31, 1932, adjusted for changes in price levels and net additions to plant between the acquisition date and the inventory date.

As of January 1, 1926, this Company leased from Inland Power & Light Company certain electric distribution system properties owned by the latter company and situated in Clark and Cowlitz Counties, Washington, and in Columbia County, Oregon. The principal communities included in this leased system were Rainier, Oregon and Woodland, Kalama, and Ridgefield, Washington. Extensions have been made thereto in the intervening years so that there are now 23 other communities and unincorporated towns being served. As of August 1, 1930, ownership of these leased properties was acquired by Pacific Power & Light Company and the leasing arrangement with this Company was continued.

In 1923, an interconnection was made between the Company's Condit Plant on the White Salmon River and the Powerdale Plant of the Pacific Power & Light Company which had just been completed. In 1930, a 66,000 volt line was constructed by Pacific Power & Light Company between the Condit plant and a point known as Union Gap in the Yakima territory connecting with Pacific Power & Light Company's lines forming a through connection between Pacific Power & Light Company's lines, The Washington Water Power Company on the East, and Northwestern Electric Company.

As of January 1, 1932, the Company entered into an agreement with Inland Power & Light Company for the purchase of power from Inland's then recently constructed plant at Ariel on the Lewis River. About this time the Company constructed a 110,000 volt submarine cable crossing of the Columbia River from the Vancouver terminus of the Ariel transmission line, with an extension thereof into

its Albina substation in Portland. In addition to the use that the Company makes of the Ariel plant output for its Washington service, the Ariel plant also provides a source of power for the Company's distribution system in the City of Portland and constitutes a basic power supply for that area.

These interconnections have been of valuable aid to Northwestern Electric Company in insuring it ample capacity properly to meet the demands of its customers for all classes of service and have enabled it from time to time to sell any available surplus power at Ariel plant to large industrial customers, thereby adding materially to the Company's revenue. In addition, through the Pacific Power & Light interconnection at Condit plant, Northwestern has been able to augment its supply from Pacific Power & Light Company, when needed, and conversely, has been able at other times to furnish a supply of power from its own sources to the Pacific system.

During the process of the development of business in Portland, this Company has made two 66,000 volt connections with the other utility system in the Portland area, known now as the Portland General Electric Company. These interconnections have made possible lower costs of service and greater reliability of service in both systems. The hydro plants of the respective systems are on rivers whose flow is seasonally different, so that there has been more effective use of hydro capacity and more full utilization of available hydro energy; the steam stations of the respective systems have been so coordinated in operation as to result in substantial economies; and mutual standby assistance has improved service and reduced the amount of reserve generating capacity which otherwise would have been needed.

Proceedings before the Public Utilities Commissioner of Oregon initiated

during 1932 necessitated an inventory and appraisal of all the property of the Company. For this undertaking the Company engaged Ernest C. Willard, an independent consulting engineer residing at Portland, Oregon, under whose direction a complete inventory and appraisal was made. The appraisal was based on an inventory of the property existing at December 31, 1932, and was priced on the basis of the average prices for the three year period ended September 30, 1932.

The reproduction cost new of the property, exclusive of working capital, as determined by Mr. Willard amounted to $20,812,755. The book fixed capital account as of the same date, adjusted to give effect to a subsequent restatement of the fixed capital account, amounted to $20,760,652.70.

During the early part of 1936 the officers of the Company requested Mr. Willard to bring his appraisal down to December 31, 1935. Mr. Willard estimated the cost of reproducing the fixed capital of the Company at that date at $22,000,648. This compared with the book fixed capital account at that date, adjusted to give effect to a subsequent restatement of the fixed capital account, of $20,942,194.95.

The Company's engineers recently projected the Willard appraisal down to December 31, 1938, and estimated the reproduction cost new to be $24,970,000 as of that date. This compared with the book fixed capital account at that date of $21,099,641.56.

During the construction of the Bonneville project on the Columbia River, Northwestern supplied the entire power used for this purpose and since the completion of that project has entered into the first contract of any magnitude for the disposal of Bonneville power, having contracted temporarily for demands up to 5,000 KW of both primary and secondary power.

Since undertaking the rendering of service in the rural area in Clark County, Washington, in 1926, that territory, which was then sparsely served, is now almost completely covered by the lines of the Company to the extent that some 80% of all the farms in this county are now receiving electric service. The attached maps and charts show the accumulated growth and the progressive nature of the company's activities:

1. Maps of territory served by the Company.
2. Map showing plants and transmission lines of Pacific Northwest area and interconnections of outside sources of supply with Northwestern's system.
3. Growth of load connected to the system.
4. Growth of system peak load.
5. Number of consumers connected to the system.
6A KWH per residence customer from earliest period available to 1936. Also comparison with national average.
6B Average price per KWH per residence customer compared with national average.
7. Growth of electric ranges connected to the system.
8. Taxes.
9. Taxes per dollar of revenue.

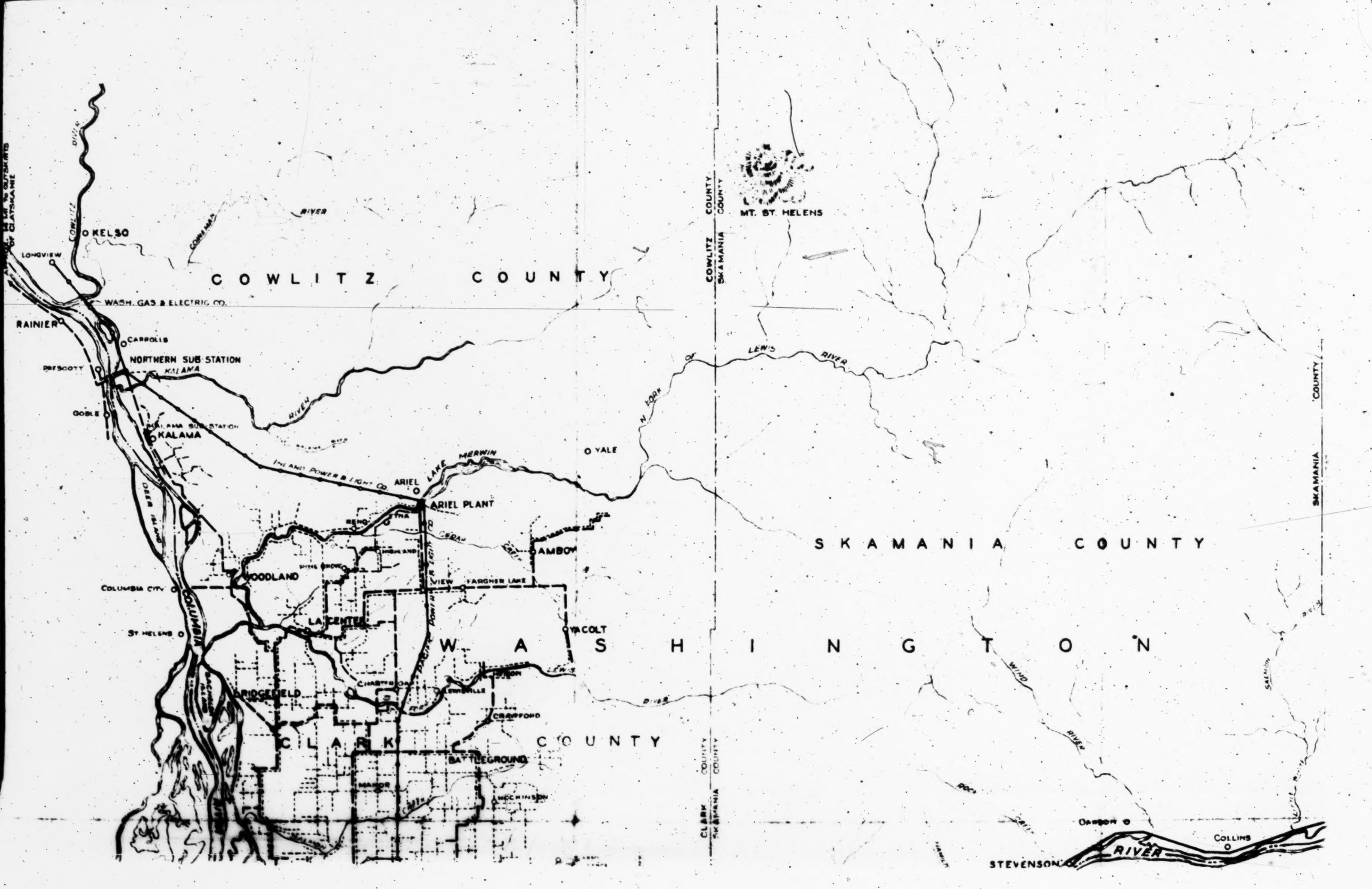
These charts show the progressive growth of the Company's business and also afford historical economic justification for the development activities undertaken.

When the Company entered into the Portland area, the field was already occupied by a going concern, and the charges for services were exceedingly low in comparison with those made in other like communities throughout the nation. In spite of this fact, rate reductions have been made to the end that while early in 1914, the top rate for the domestic consumer was 9¢ per kilowatt hour as compared

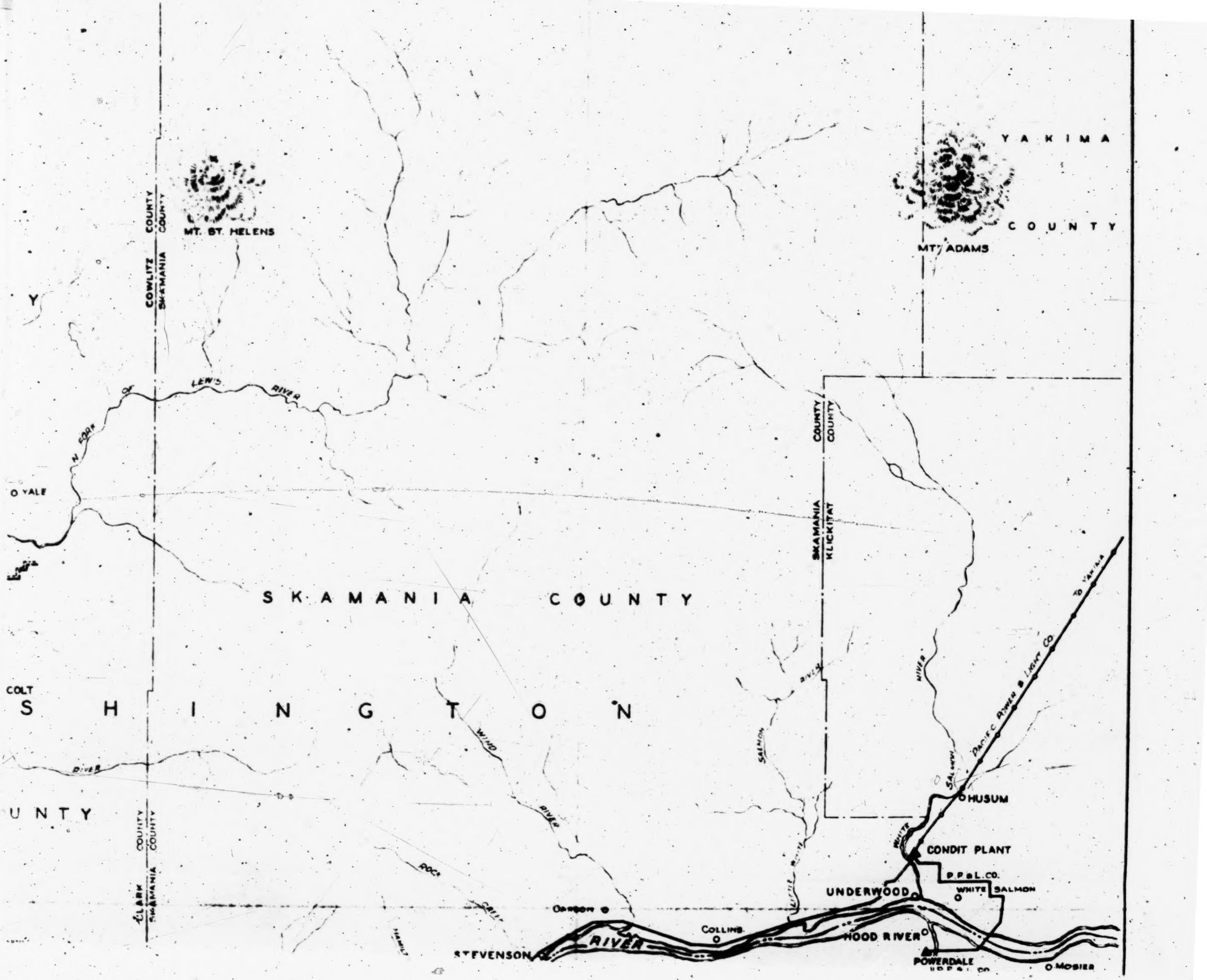
with the present top rate of 5¢ per kilowatt hour, and that in 1914 the lowest rate charged for residence service was 4¢ per kilowatt hour whereas Northwestern is now retailing energy for general residential purposes for as low as 1.8¢ per kilowatt hour, with a rate of eight-tenths of a cent per KWH for water heating service. Notwithstanding the low electrical rates of this area, a record of the Company's net operating income furnishes evidence of its successful operation. At no time in its history, with the exception of three of the depression years, 1932 to 1934 inclusive, has this Company failed to earn annually an amount equal to its preferred stock dividend requirements and contribute substantially to its surplus.

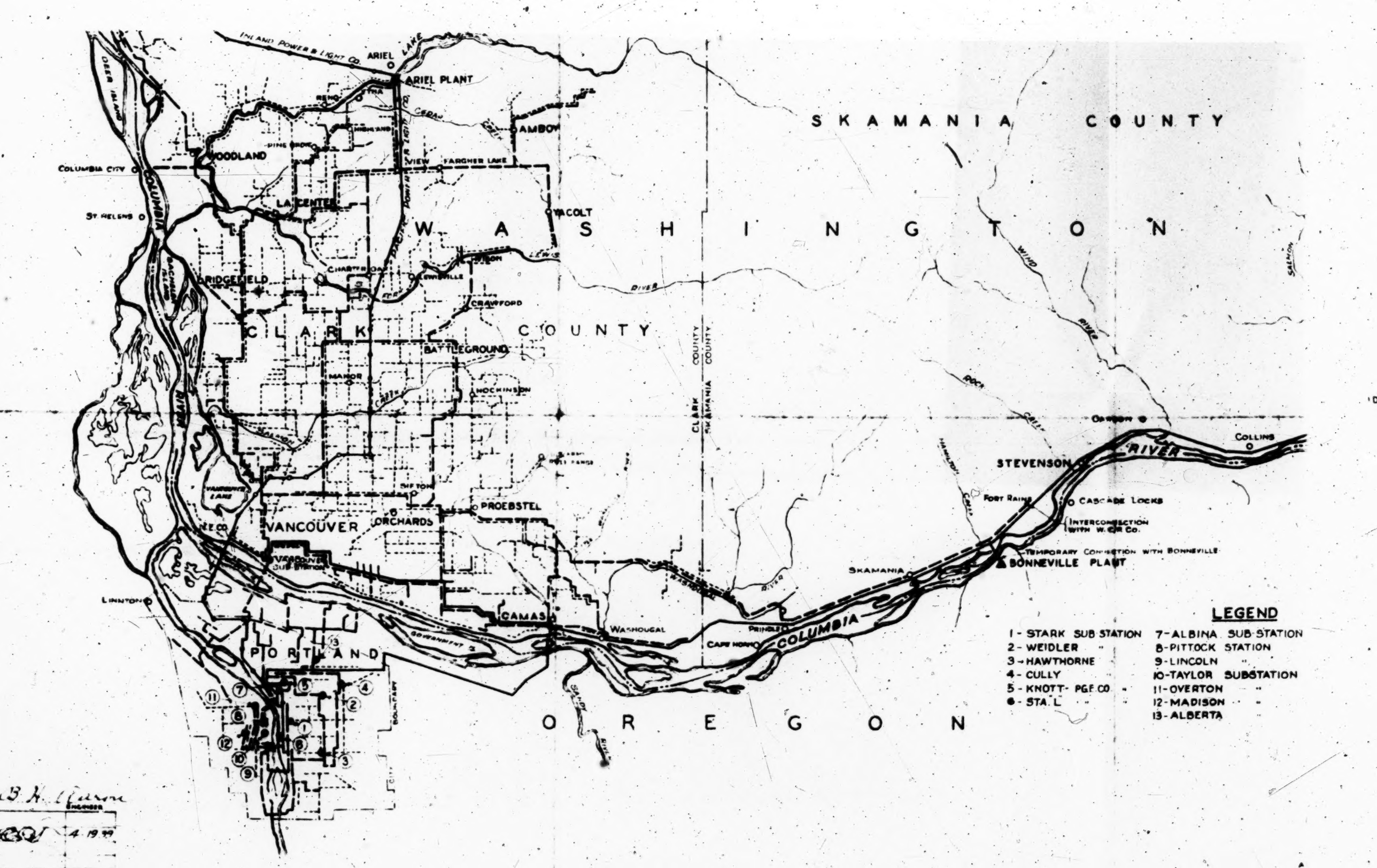
The Company throughout its entire history has been a large contributor through taxes to federal, state and local governments as is shown by the chart attached hereto. In franchise taxes alone it is now contributing to the City of Portland over $88,000 per year and for a number of years its total taxes have represented approximately 15% of its gross revenues. The cumulative total taxes from 1914 to date are in excess of $8,800,000.

The development of the business and property of the Company has been achieved by the expenditure of large sums in (a) training of personnel; (b) the purchase and maintenance of records and statistics adequate for intelligent and effective operation of the property; and (c) the load building activities of the Company. Part of these expenditures were made at their own expense by the incorporators during the initial period of development and part in subsequent years.

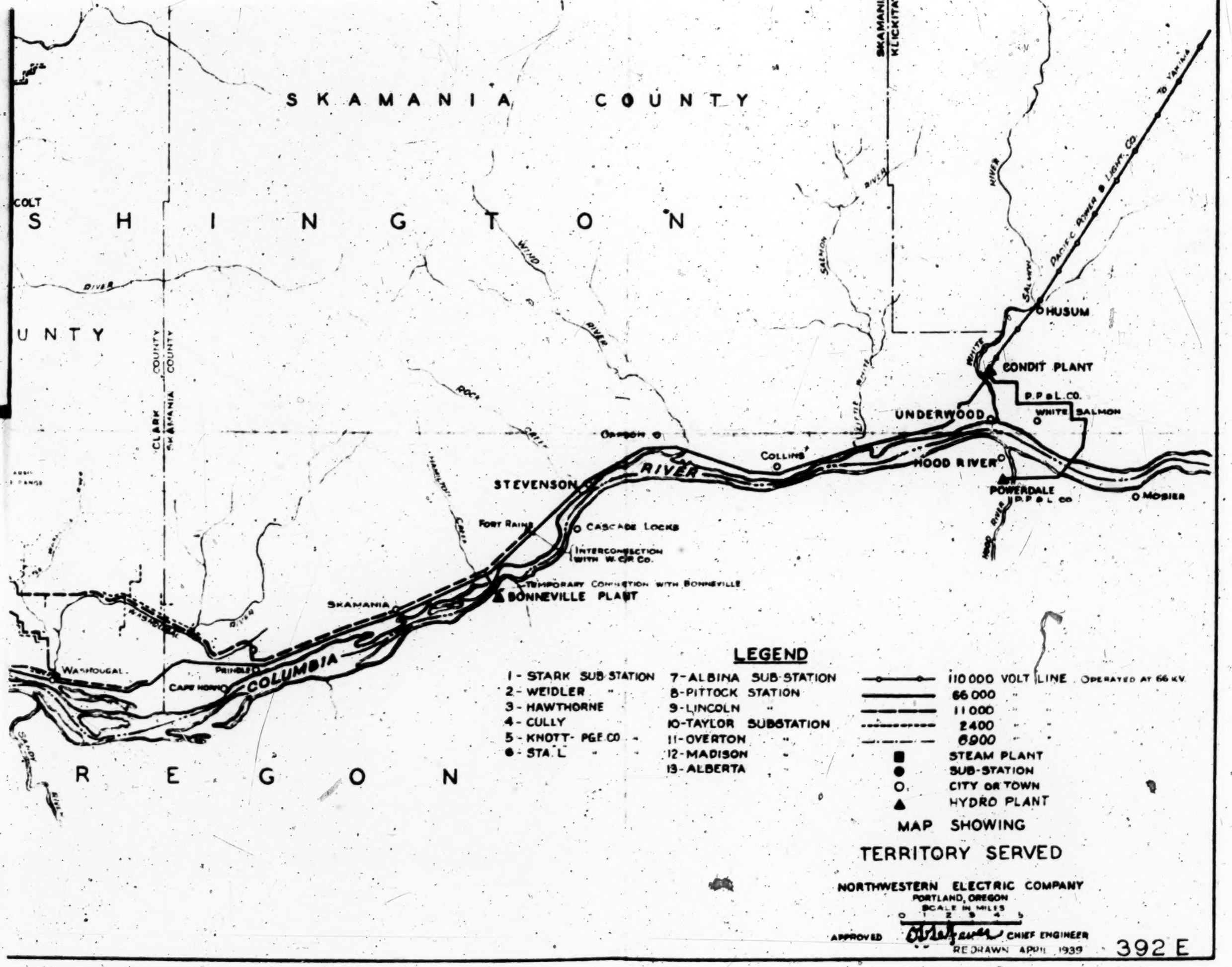


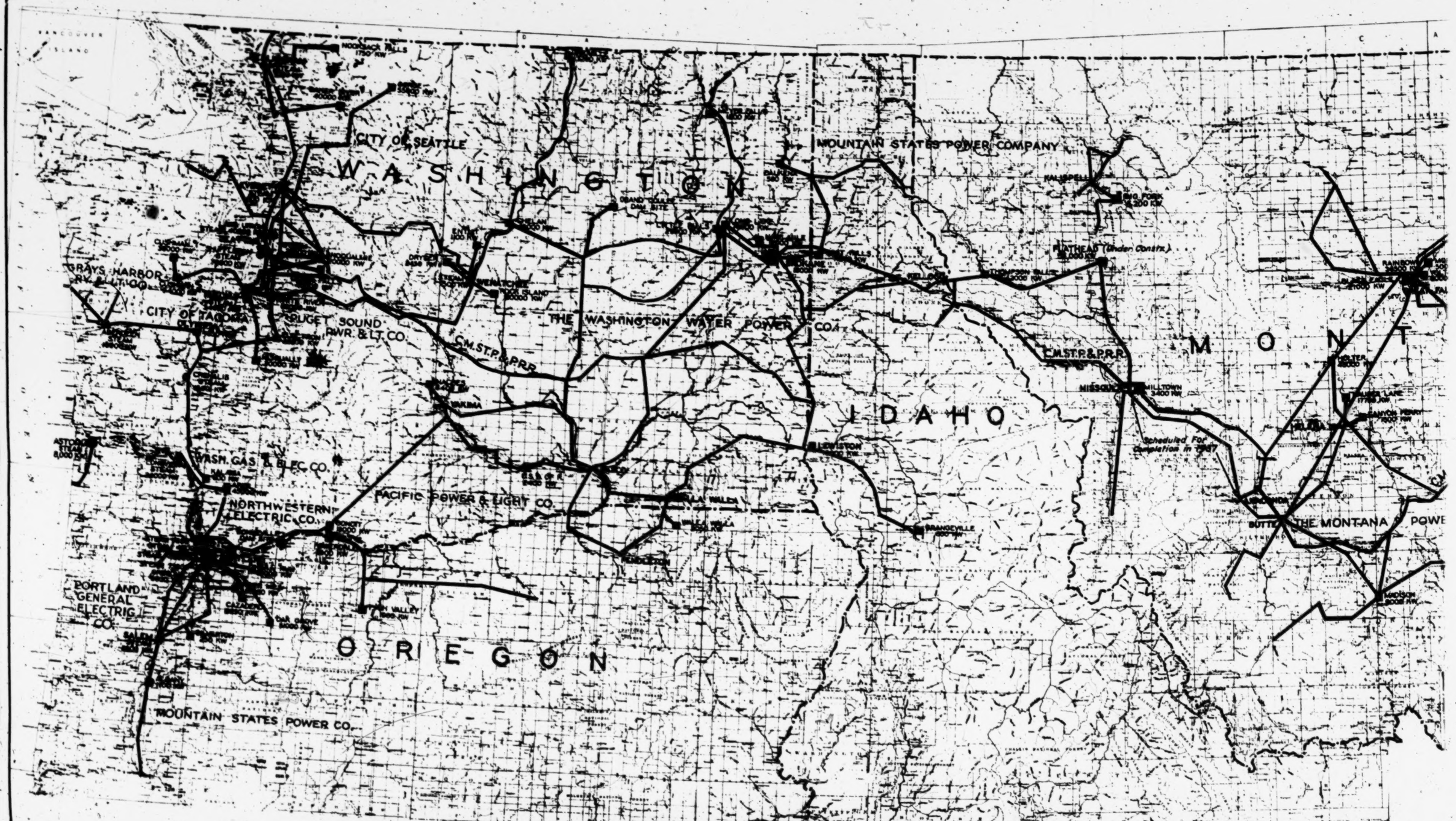
COWLITZ COUNTY
SKAMANIA COUNTY
WASHINGTON
CLARK COUNTY
MT. ST. HELENS
KELSO
LONGVIEW
RAINIER
CARROLLS
NORTHERN SUB STATION
PRESCOTT
GOBLE
KALAMA SUB STATION
KALAMA
WASH. GAS & ELECTRIC CO.
COWLITZ RIVER
COWEMAN RIVER
LEWIS RIVER
N. FORK OF LEWIS RIVER
YALE
LAKE MERWIN
ARIEL
ARIEL PLANT
INLAND POWER & LIGHT CO.
RENO
ETNA
HIGHLAND
PINE GROVE
WOODLAND
COLUMBIA CITY
ST. HELENS
COLUMBIA
DEER ISLAND
LA CENTER
VIEW
FARGHER LAKE
AMBOY
YACOLT
CHARTER OAK
LEWISVILLE
RIDGEFIELD
CRAWFORD
BATTLEGROUND
MANOR
HOCKINSON
WIND RIVER
ROCK CREEK
SALMON RIVER
DAWSON
COLLINS
STEVENSON
RIVER

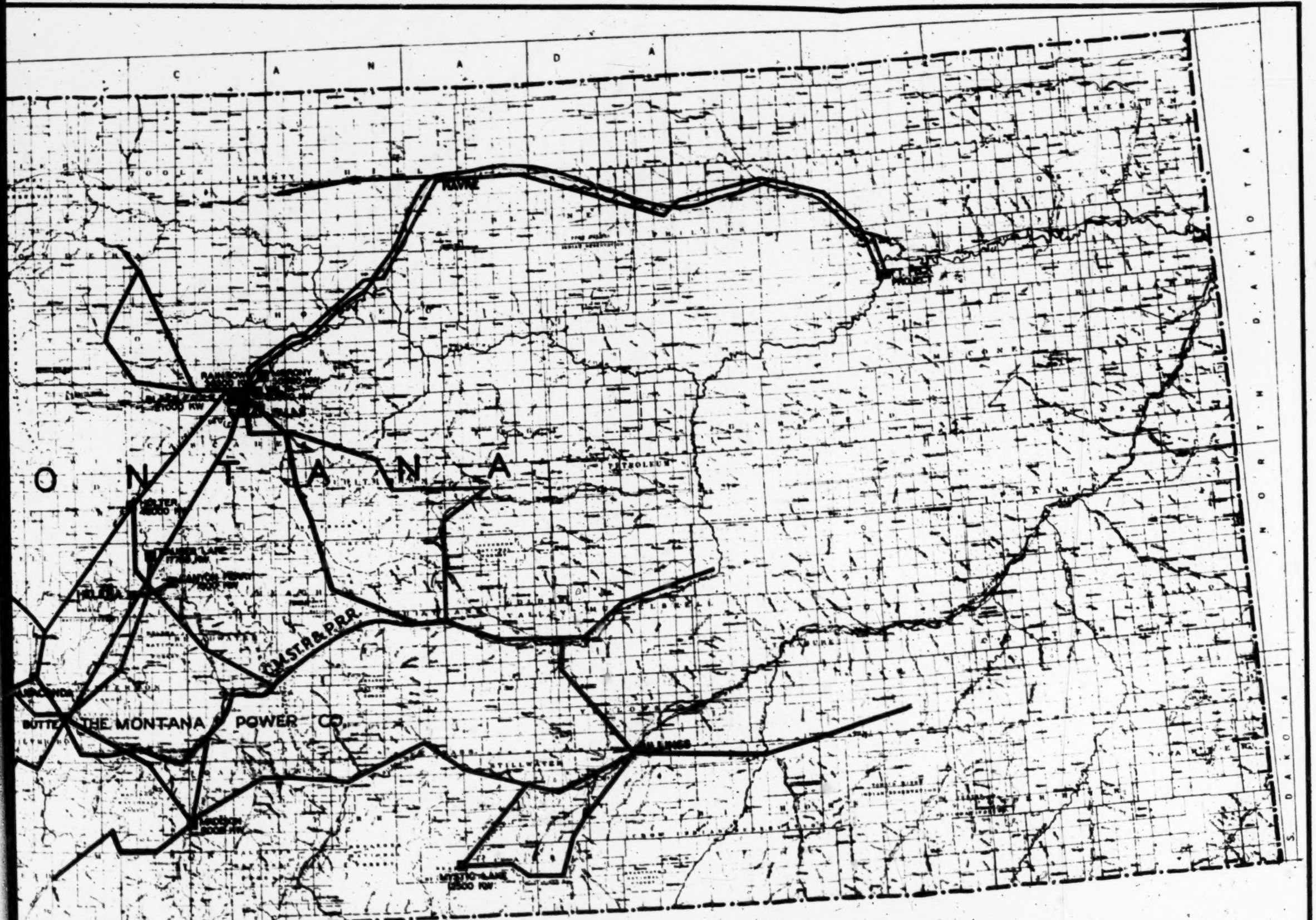

MT. ST. HELENS
COWLITZ COUNTY
SKAMANIA COUNTY
LEWIS RIVER
N FORK OF
YALE
SKAMANIA COUNTY
YAKIMA COUNTY
MT. ADAMS
SKAMANIA COUNTY
KLICKITAT COUNTY
SKAMANIA COUNTY
WIND RIVER
SALMON RIVER
WHITE SALMON RIVER
PACIFIC POWER & LIGHT CO.
TO YAKIMA
HUSUM
CONDIT PLANT
P.P.&L. CO.
WHITE SALMON
UNDERWOOD
HOOD RIVER
POWERDALE
MOBIER
COLLINS
STEVENSON
ROCK CREEK
CLARK COUNTY
SKAMANIA COUNTY
RIVER



SKAMANIA COUNTY
WASHINGTON
CLARK COUNTY
OREGON
INLAND POWER & LIGHT CO.
ARIEL
ARIEL PLANT
LAKE
AMBOY
WOODLAND
COLUMBIA CITY
ST. HELENS
LA CENTER
YACOLT
RIDGEFIELD
CHARTER OAK
LEWISVILLE
CRAWFORD
BATTLEGROUND
MANOR
HOCKINSON
SIFTON
PROEBSTEL
ORCHARDS
VANCOUVER
VANCOUVER SUB-STATION
LINNTON
CAMAS
WASHOUGAL
PRINDLE
CAPE HORN
COLUMBIA
RIVER
PORTLAND
STEVENSON
FORT RAINS
CASCADE LOCKS
INTERCONNECTION WITH W. C. R. CO.
TEMPORARY CONNECTION WITH BONNEVILLE
BONNEVILLE PLANT
SKAMANIA
COLLINS
CARSON
WIND RIVER
ROCK CREEK
CLARK COUNTY
SKAMANIA COUNTY
LEGEND
1 - STARK SUB STATION
2 - WEIDLER "
3 - HAWTHORNE "
4 - CULLY "
5 - KNOTT - PGE CO "
6 - STA. L "
7 - ALBINA SUB-STATION
8 - PITTOCK STATION
9 - LINCOLN "
10 - TAYLOR SUBSTATION
11 - OVERTON "
12 - MADISON "
13 - ALBERTA "
ENGINEER
4-19-39


SKAMANIA COUNTY
SHINGTON
UNTY
REGON
COLT
CLARK COUNTY
SKAMANIA COUNTY
SKAMANIA
KLICKITAT
COLUMBIA
RIVER
WIND RIVER
ROCK CREEK
SALMON RIVER
WHITE SALMON RIVER
PACIFIC POWER & LIGHT CO.
TO YAKIMA
HUSUM
CONDIT PLANT
P.P.&L.CO.
WHITE SALMON
UNDERWOOD
HOOD RIVER
POWERDALE
P.P.&L.CO.
MOSIER
OREGON
COLLINS
STEVENSON
FORT RAINS
CASCADE LOCKS
INTERCONNECTION WITH W.C.P. CO.
TEMPORARY CONNECTION WITH BONNEVILLE
BONNEVILLE PLANT
SKAMANIA
WASHOUGAL
PRINDLE
CAPE HORN
LEGEND
1 - STARK SUB-STATION
2 - WEIDLER "
3 - HAWTHORNE
4 - CULLY
5 - KNOTT - PGE CO "
6 - STA. L "
7 - ALBINA SUB-STATION
8 - PITTOCK STATION
9 - LINCOLN "
10 - TAYLOR SUBSTATION
11 - OVERTON "
12 - MADISON "
13 - ALBERTA "
110 000 VOLT LINE OPERATED AT 66 KV.
66 000 "
11 000 "
2400 "
6900 "
STEAM PLANT
SUB-STATION
CITY OR TOWN
HYDRO PLANT
MAP SHOWING
TERRITORY SERVED
NORTHWESTERN ELECTRIC COMPANY
PORTLAND, OREGON
SCALE IN MILES
0 1 2 3 4 5
APPROVED
CHIEF ENGINEER
REDRAWN APRIL 1939
392 E


WASHINGTON
IDAHO
OREGON
MONT
CITY OF SEATTLE
MOUNTAIN STATES POWER COMPANY
GRAYS HARBOR RY. & LT. CO.
CITY OF TACOMA
PUGET SOUND PWR. & LT. CO.
THE WASHINGTON WATER POWER CO.
C.M.ST.P.&P.R.R.
WASH. GAS & ELEC. CO.
NORTHWESTERN ELECTRIC CO.
PACIFIC POWER & LIGHT CO.
PORTLAND GENERAL ELECTRIC CO.
MOUNTAIN STATES POWER CO.
THE MONTANA POWE
Scheduled For Completion in 1967



MAJOR ELECTRIC POWER SYSTEMS
PACIFIC NORTHWEST
1936

SCALE IN MILES
0 5 10 25 50 75 100

Map No. 2

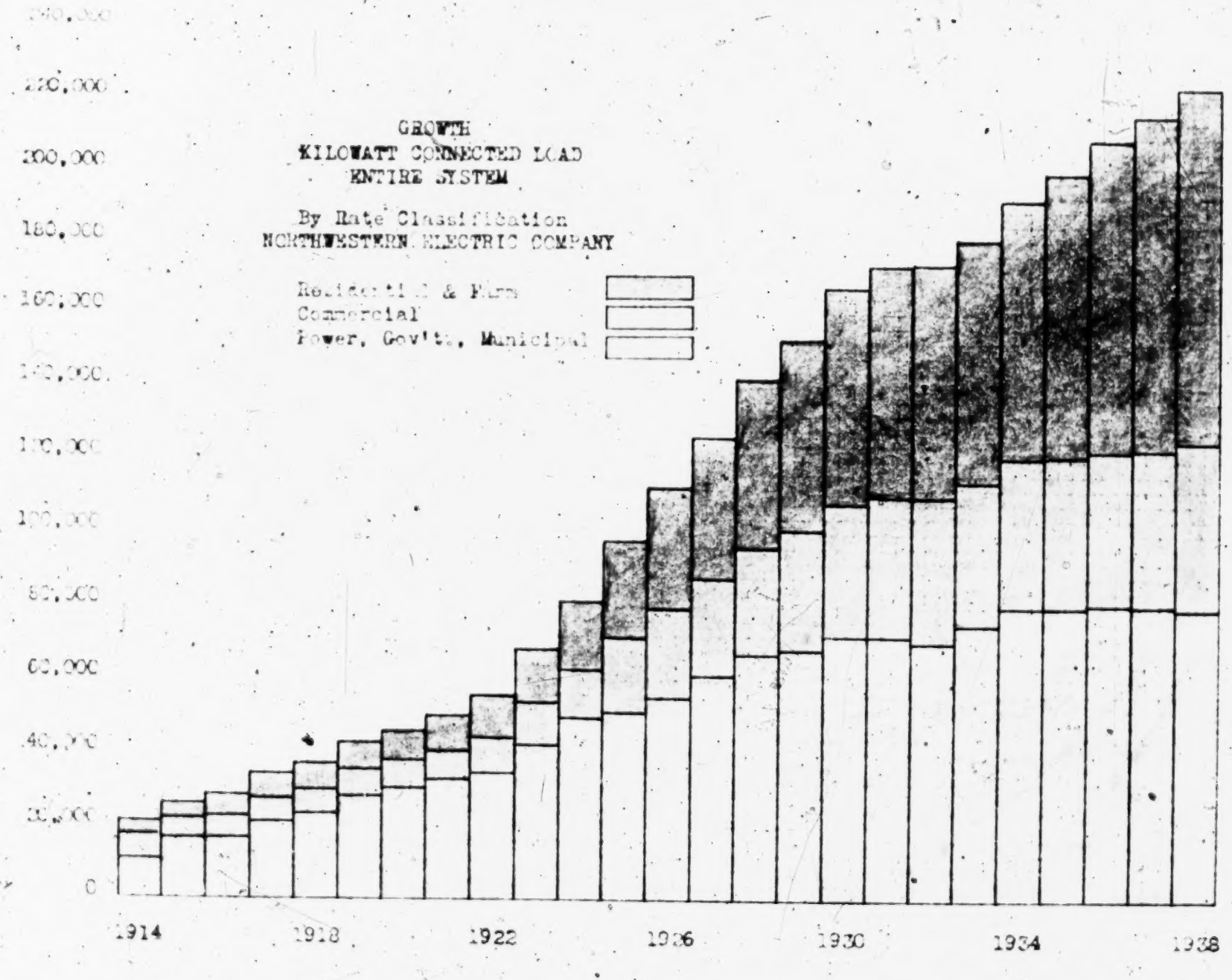

GROWTH
KILOWATT CONNECTED LOAD
ENTIRE SYSTEM
By Rate Classification
NORTHWESTERN ELECTRIC COMPANY
Residential & Farm
Commercial
Power, Govt's., Municipal
220,000
200,000
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
1914
1918
1922
1926
1930
1934
1938

Chart No. 3

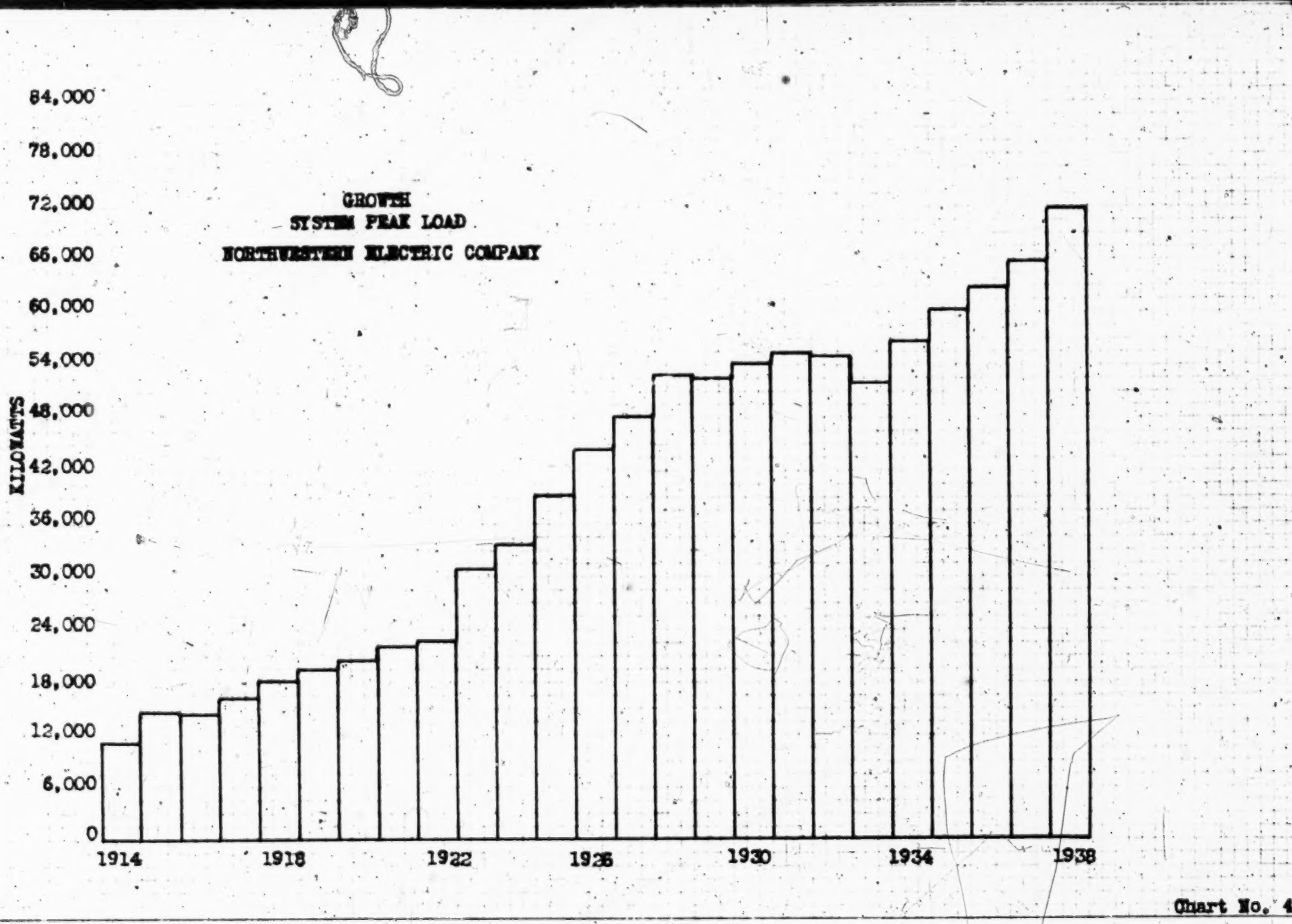

GROWTH
SYSTEM PEAK LOAD
NORTHWESTERN ELECTRIC COMPANY
KILOWATTS
84,000
78,000
72,000
66,000
60,000
54,000
48,000
42,000
36,000
30,000
24,000
18,000
12,000
6,000
0
1914
1918
1922
1926
1930
1934
1938

Chart No. 4

NUMBER OF DIRECT CONSUMERS
ENTIRE SYSTEM

By Rate Classification
This Does Not Include Indirect Consumers
In Apartments and Buildings
NORTHWESTERN ELECTRIC COMPANY

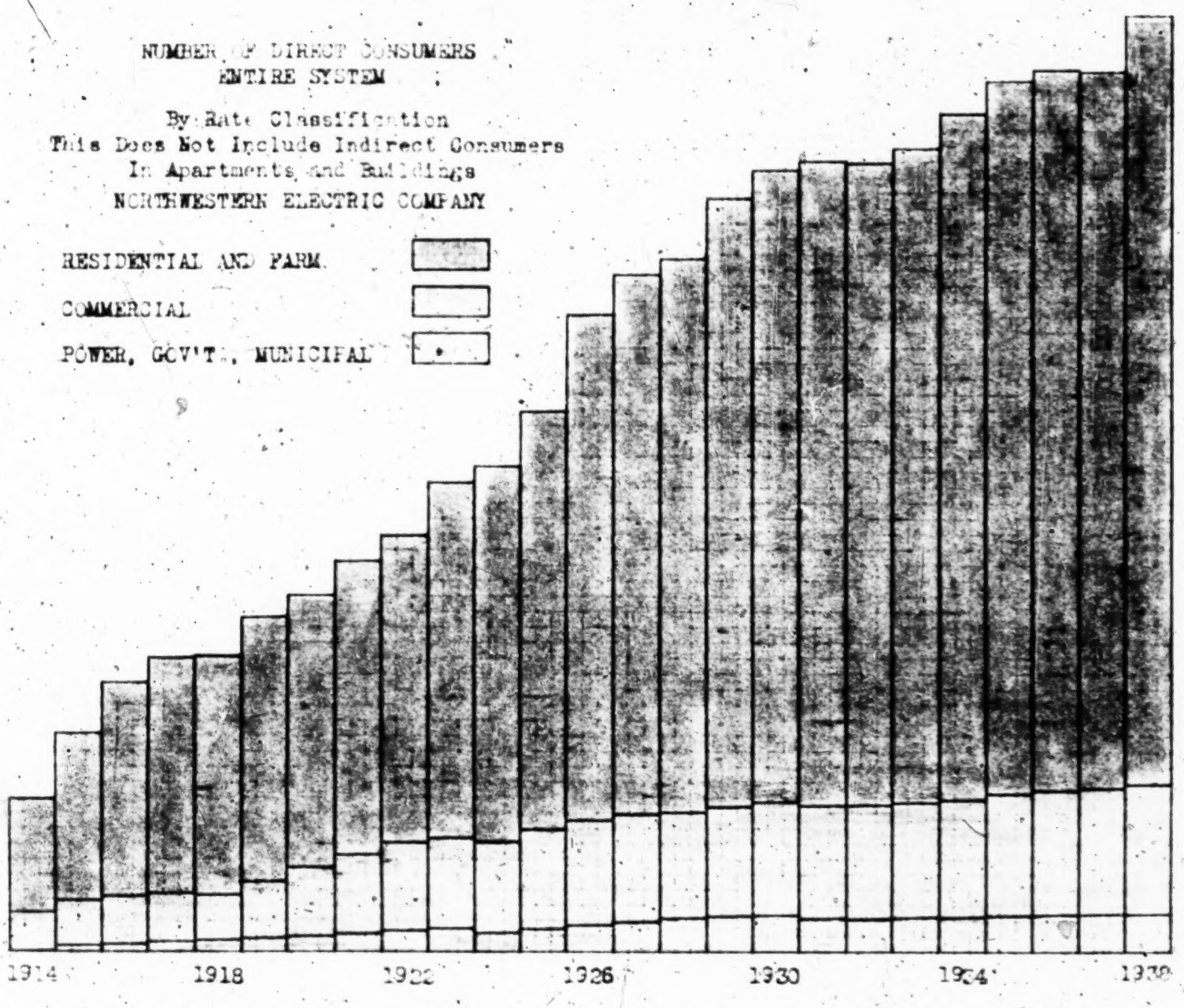
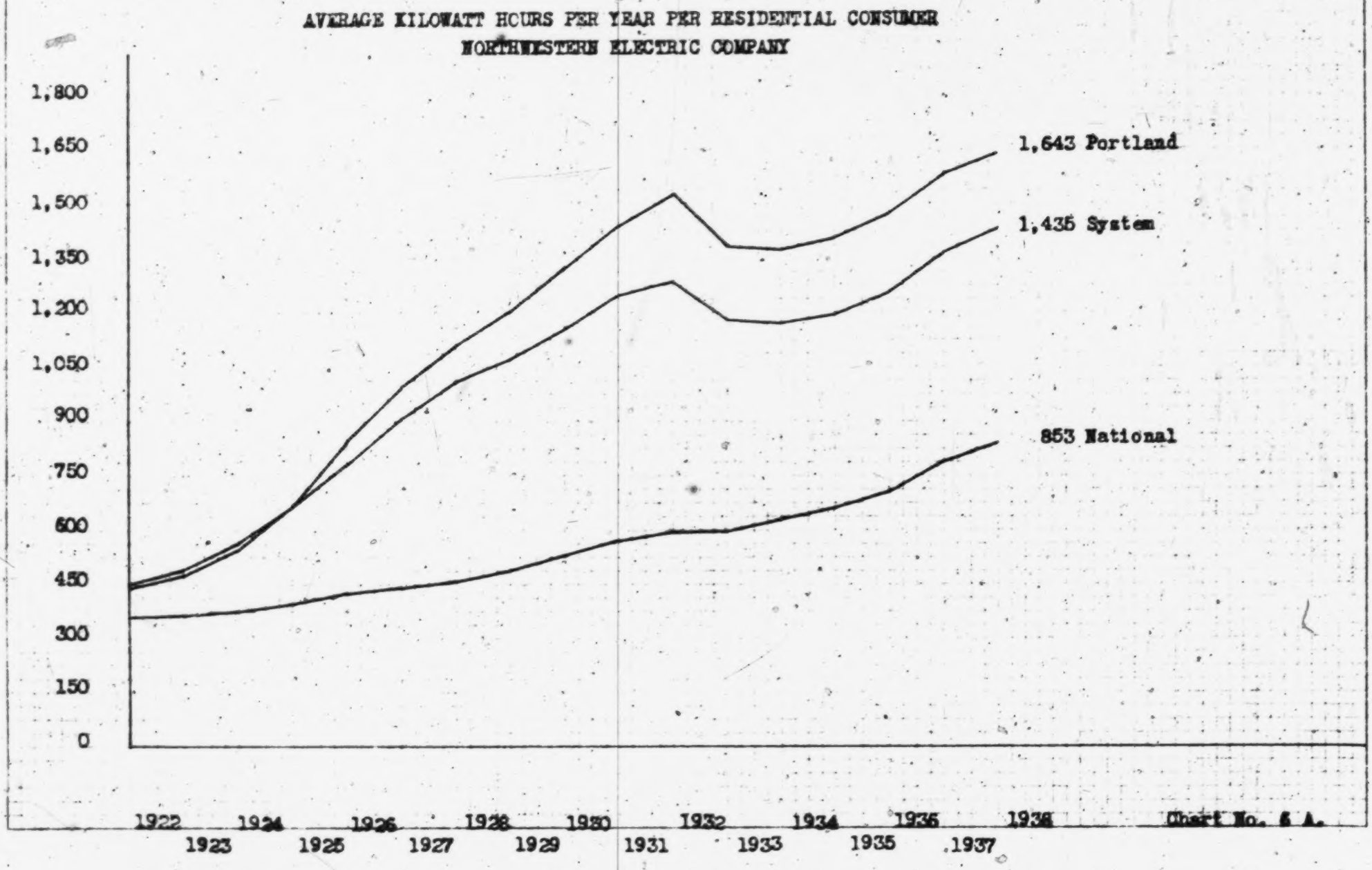


Chart No. 5


AVERAGE KILOWATT HOURS PER YEAR PER RESIDENTIAL CONSUMER
NORTHWESTERN ELECTRIC COMPANY
1,800
1,650
1,500
1,350
1,200
1,050
900
750
600
450
300
150
0
1,643 Portland
1,435 System
853 National
1922
1923
1924
1925
1926
1927
1928
1929
1930
1931
1932
1933
1934
1935
1936
1937
Chart No. 6 A.

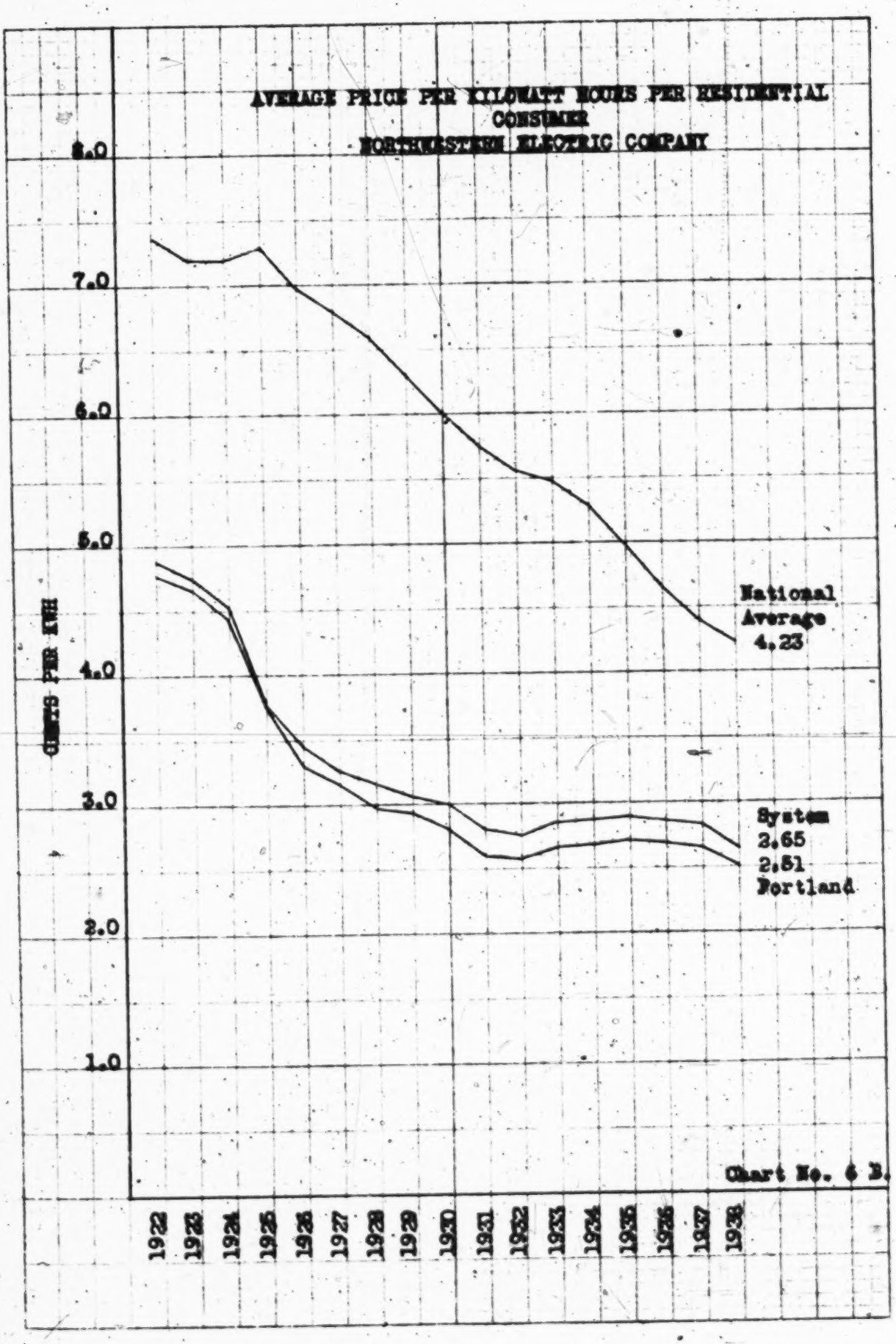

AVERAGE PRICE PER KILOWATT HOURS PER RESIDENTIAL CONSUMER
NORTHWESTERN ELECTRIC COMPANY
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
CENTS PER KWH
National Average 4.23
System 2.65
2.51 Portland
1922
1923
1924
1925
1926
1927
1928
1929
1930
1931
1932
1933
1934
1935
1936
1937
1938

Chart No. 6 B.

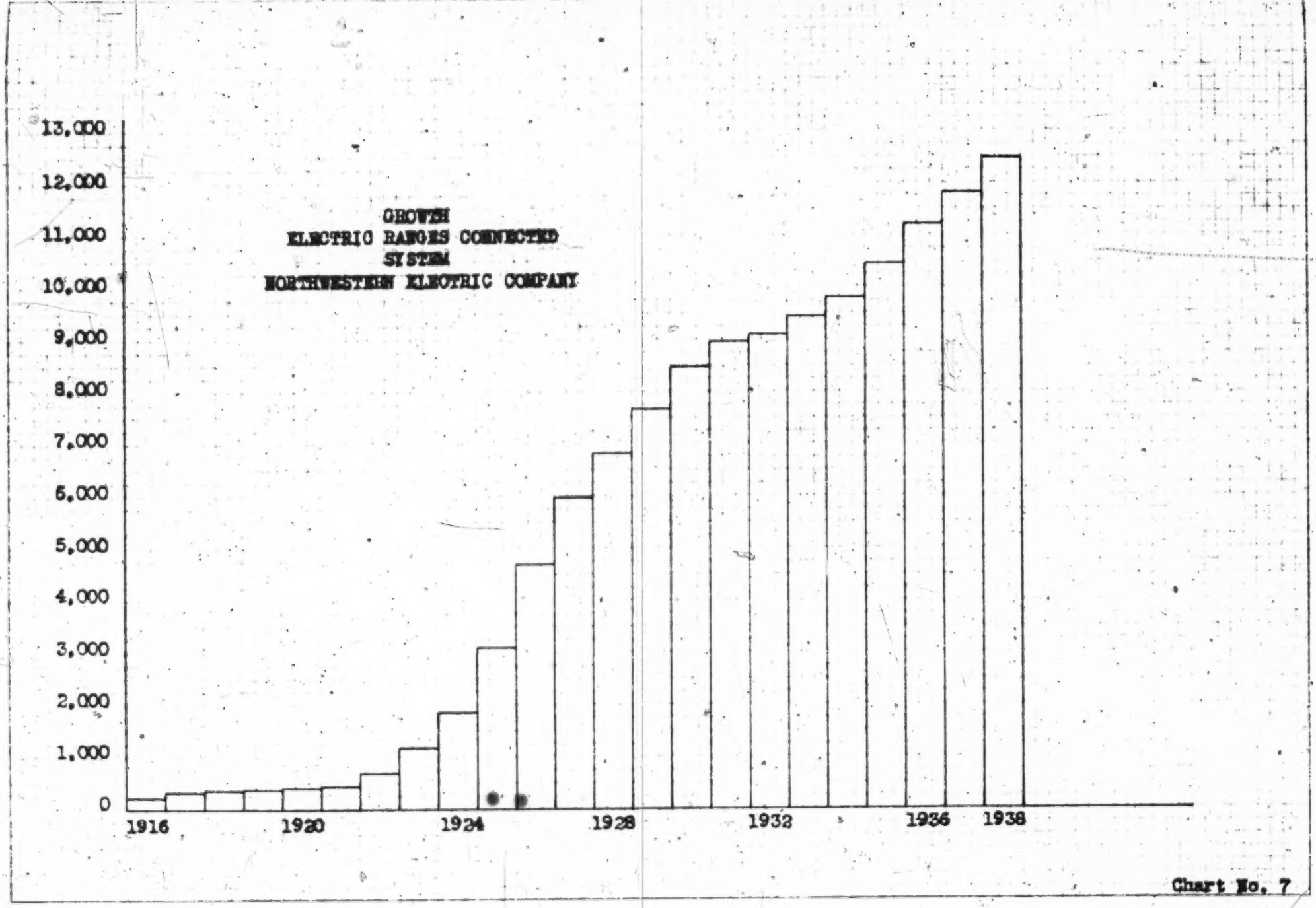

GROWTH
ELECTRIC RANGES CONNECTED
SYSTEM
NORTHWESTERN ELECTRIC COMPANY
13,000
12,000
11,000
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
1916
1920
1924
1928
1932
1936
1938

Chart No. 7

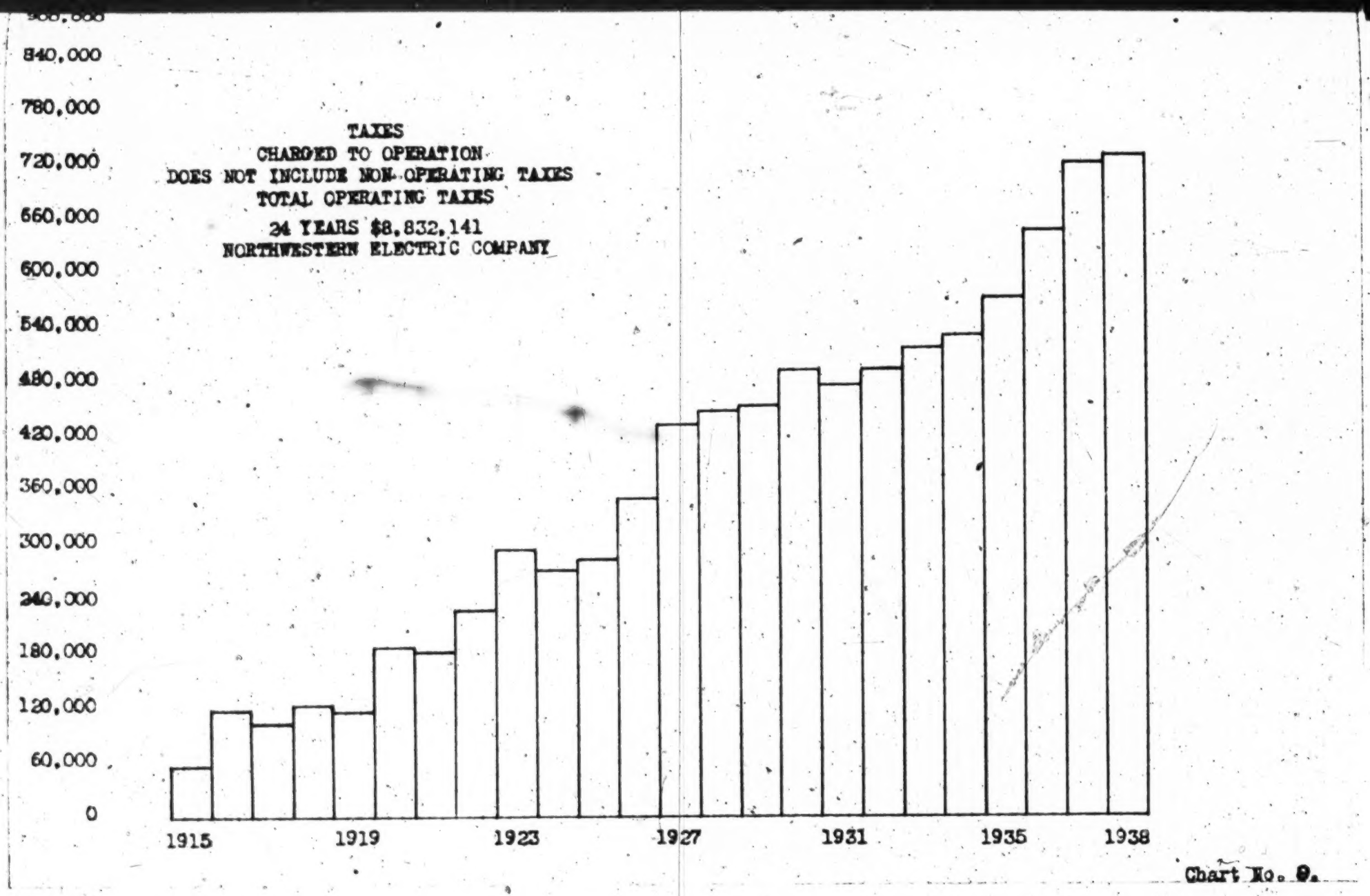

840,000
780,000
720,000
660,000
600,000
540,000
480,000
420,000
360,000
300,000
240,000
180,000
120,000
60,000
0
TAXES
CHARGED TO OPERATION
DOES NOT INCLUDE NON-OPERATING TAXES
TOTAL OPERATING TAXES
24 YEARS $8,832,141
NORTHWESTERN ELECTRIC COMPANY
1915
1919
1923
1927
1931
1935
1938

Chart No. 9.

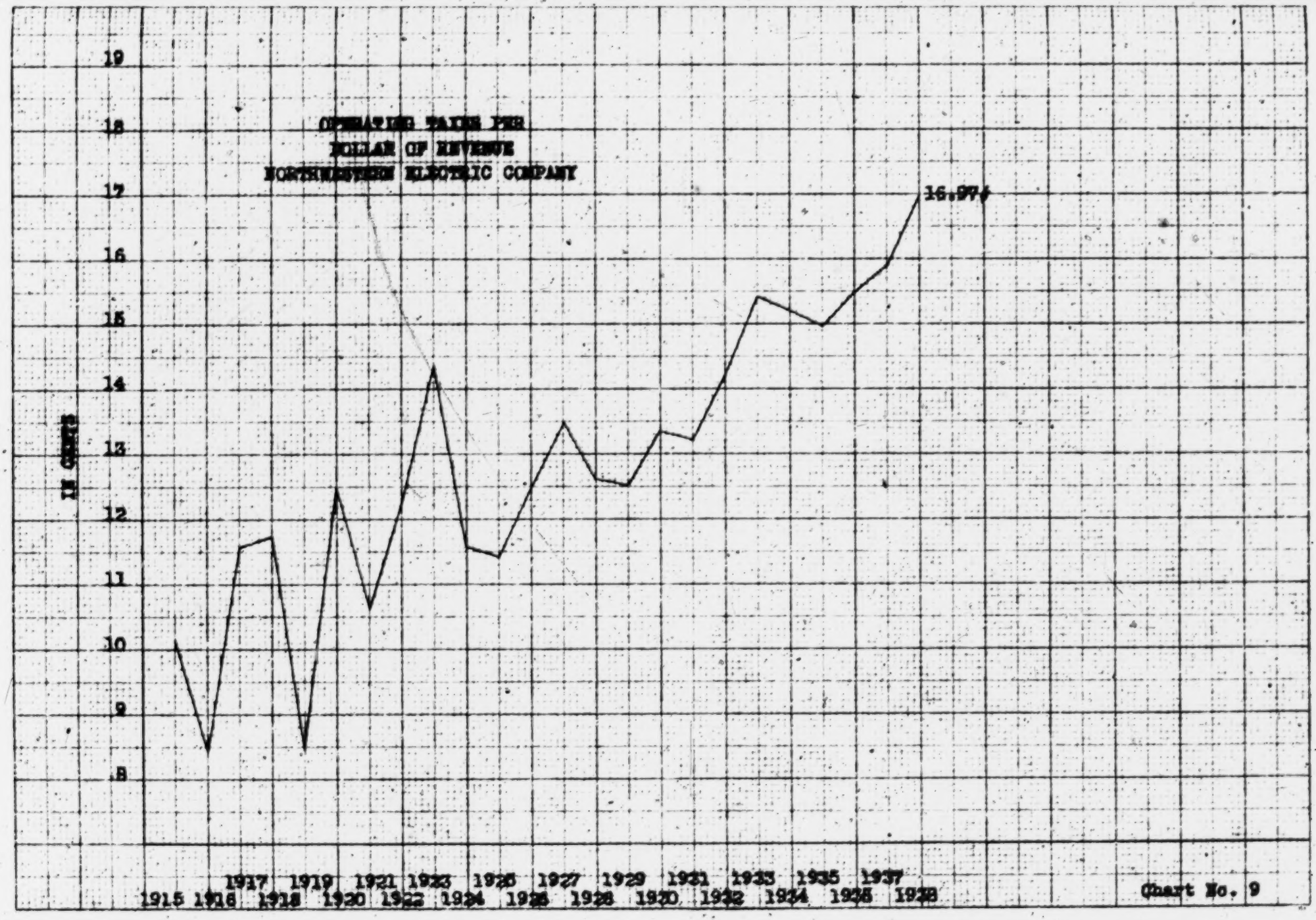

OPERATING TAXES PER
DOLLAR OF REVENUE
NORTHWESTERN ELECTRIC COMPANY
16.97¢
IN CENTS
19
18
17
16
15
14
13
12
11
10
9
8
1915 1916 1917 1918 1919 1920 1921 1922 1923 1924 1925 1926 1927 1928 1929 1930 1931 1932 1933 1934 1935 1936 1937 1938

Chart No. 9

NORTH-EASTERN ELECTRIC COMPANY

Statement "B"

Statement showing acquisition of electric operating units

None

NORTHWESTERN ELECTRIC COMPANY

Statement "C"

Amounts Arrived at by Appraisals

The following journal entry was spread on the books of accounts on September 16, 1936, to reduce the fixed capital account to an amount determined by the Board of Directors, as representing the value of the plant and property of the Company at that time, which amount was based upon an appraisal at December 31, 1935, made by Ernest C. Millard, independent consulting engineer of Portland, Oregon.

Capital Surplus	6,500,000.00	
To Fixed Capital		6,500,000.00

for an amount to adjust the latter account in accordance with the value thereof as determined by the Board of Directors of this Company at a meeting held August 20, 1936.

Statement "D"

Plant and property accounts as classified in the books of account as of December 31, 1936, immediately prior to reclassification

		Total
	INTANGIBLE CAPITAL	
301	Organization	369 161.81
302	Franchises	1 272.14
303	Miscellaneous Intangible Capital	109 489.55
	Total Intangible Capital	479 923.50
	GENERATING PLANT-STEAM	
311a	Steam Power Plant Land	181 768.51
312a	Steam Power Plant Structures	868 387.08
313	Boiler Plant Equipment	1364 439.48
315	Turbo-Generating Plant	1116 205.55
316	Electric Plant	263 929.23
317	Miscellaneous Power Plant Equipment	9 112.82
	Total Steam Power Plant	3803 842.67
	GENERATING PLANT-HYDRO	
311b	Hydro-Electric Power Plant Land	152 491.07
312b	Hydro-Electric Power Plant Structures	243 573.03
318	Reservoirs, Dams, and Waterways	1278 934.92
319	Roads, Trails, and Bridges	30 431.98
320	Water Turbines and Waterwheels	99 280.06
322	Electric Plant	106 051.64
323	Miscellaneous Power Plant Equipment	9 676.23
	Total Generating Plant Hydro	1920 438.94
	TRANSMISSION CAPITAL	
311d	Transmission System Land	169 107.27
312d	Transmission System Structures	21 411.84
324a	Transmission Substation Equipment	457 160.11
330a	Transmission Underground Conduits	
331a	Transmission Poles, Towers, & Fixtures	441 113.87
332a	Transmission Overhead Conductors	362 274.50
333a	Transmission Underground Conductors	203 195.22
	Total Transmission Capital	1654 262.81

		Total
	DISTRIBUTION CAPITAL	
311e	Distribution System Lands	64 111.88
312e	Distribution System Structures	92 768.14
328b	Distribution Substation Equipment	1180 361.66
329	Storage Battery Equipment	
330b	Distribution Underground Conduits	800 412.32
331b	Distribution Poles, Towers, & Fixtures	1057 766.93
332b	Distribution Overhead Conductors	1226 801.03
333b	Distribution Underground Conductors	742 589.99
335	Services (Overhead & Underground	781 727.14
	(Underground	
336	Line Transformers and Devices	832 851.55
337	Line Transformer Installation	56 772.86
338	Consumers' Meters	543 268.79
339	Meter Installation	32 803.76
	Total Distribution Capital	7412 236.05
	UTILIZATION CAPITAL	
340	Installation on Consumers' Premises	7 701.90
341	Commercial Lamps	8 929.54
342	Street Lighting Equipment	137 804.54
343	Electric Appliances	1 043.09
	Total Utilization Capital	155 479.07
	GENERAL CAPITAL	
311f	General Office Land	
312f	General Office Structures	
344a	General Office Equipment	147 617.04
	Total General Office Capital	147 617.04
311g-1	Stores Department Land	82 950.39
312g-1	Stores Department Structures	182 084.95
344b	General Stores Equipment	8 859.92
	Total General Stores Capital	273 895.26
311g-2	General Shops Land	
312g-2	General Shops Structures	
344c	General Shops Equipment	5 749.90
	Total General Shops Capital	5 749.90
311g-3	Transportation Department Land	
312g-3	Transportation Department Structures	10 742.32
344d	Transportation Equipment	115 583.06
	Total General Trans. Capital	126 325.38

		Total
311g-4	Communication System Land	
312g-4	Communication System Structures	
344e	Telephone, Telegraph, & Wireless	16 473.44
	Total Communication System Capital	16 473.44
344f	Laboratory Equipment	39 525.90
311g-5	Miscellaneous Lands	
312g-5	Miscellaneous Structures	291.35
344g	Miscellaneous Equipment	44 923.82
	Total Miscellaneous Capital	45 215.17
	Total General Capital	654 802.09
	STEAM HEAT CAPITAL	
239a	Steam Heat Mains Low Pressure	773 445.22
239b	Steam Heat Mains High Pressure	154 337.67
240	Steam Heat Meters	74 305.29
241	Steam Heat Services	149 815.93
242	Steam Heat Miscellaneous	107 970.70
	Total Steam Heat Capital	1259 874.81
	NON-OPERATING CAPITAL	
	Miscellaneous Intangible Capital	3400 000.00
	Non-operating Lands	288 510.02
	Total Non-operating Capital	3688 510.02
	Total	21029 369.96

NORTHWESTERN ELECTRIC COMPANY

Statement "A"

Summary of adjustments necessary to state as of January 1, 1937, Account 100, Electric Plant, including all its subsidiary accounts, and Account 107, Electric Plant Adjustments.

		Debit	Credit
100.1	Electric Plant in Service	20 319 079.63	
100.4	Electric Plant Held for Future Use	35 003.45	
100.6	Utility Plant in Process of Reclassification		21 029 369.96
107	Electric Plant Adjustments		841 515.77
108	Other Utility Plant	1 263 314.88	
110	Other Physical Property	253 506.57	
126.2	Accounts Receivable from Affiliated Interests	9.75	
251	Retirement (Depreciation Reserve)		28.55
	Total	21 870 914.28	21 870 914.28

Statement "F"

Utility Plant, as of January 1, 1927, classified according to the accounts prescribed in the Uniform System of Accounts effective on that date.

Account 100, Electric Plant Account 100.1 Electric Plant in Service	Total	On Basis of Situs Oregon	 Washington	Unallocated Between States
I. Intangible Plant				
301 Organization	3505 798.46			3505 798.46
302 Franchises and consents	1 272.14	432.43	839.71	
303 Miscellaneous intangible plant	109 583.55			109 583.55
Total Intangible Plant	3616 654.15	432.43	839.71	3615 382.01
II. Production Plant				
A. Steam Production				
310 Land and land rights	197 029.47	197 029.47		
311 Structures and improvements	904 013.70	904 013.70		
312 Boiler plant equipment	1303 159.52	1303 159.52		
314 Turbo-generator units	1172 171.60	1172 171.60		
315 Accessory electric equipment	279 799.21	279 799.21		
316 Miscellaneous power plant equipment	112 343.55	112 343.55		
Total Steam Production	3968 517.05	3968 517.05		
B. Hydraulic Production				
320 Land and land rights	154 458.04			154 458.04
321 Structures and improvements	744 120.20			744 120.20
322 Reservoirs, dams, and waterways	1290 749.26			1290 749.26
323 ater wheels, turbines, and generators	100 580.21			100 580.21
324 Accessory electric equipment	108 605.80			108 605.80
325 Miscellaneous power plant equipment	9 747.31			9 747.31
326 Roads, railroads, and bridges	30 579.00			30 579.00
Total Hydraulic Production	1938 839.82			1938 839.82
Total Production Plant	5907 356.87	3968 517.05		1938 839.82
III. Transmission Plant				
340 Land and land rights	166 580.53	111 148.63		55 431.90
341 Clearing land and rights-of-way	9 358.78	9 119.37		239.41
342 Structures and improvements	24 325.80			24 325.80
343 Station equipment	506 625.95	264 944.10		241 681.85
345 Poles and fixtures	472 013.74	248 619.35		223 396.39
346 Overhead conductors and devices	399 647.21	186 285.66		213 361.55
348 Underground conductor and devices	225 457.96	164 584.32		60 873.64
Total Transmission Plant	1804 011.99	984 701.43		819 310.56

		Total	On Basis of Situs		Unallocated Between States
			Oregon	Washington	
IV.	Distribution Plant				
350	Land and land rights	69 622.62	56 159.10	13 463.52	
351	Structures and improvements	100 380.32	99 710.54	669.78	
352	Station equipment	1299 786.97	1104 898.82	194 888.15	
354	Poles, towers, and fixtures	1142 935.15	868 751.24	274 183.91	
355	Overhead conductors and devices	1339 471.95	1098 508.02	240 963.93	
356	Underground conduit	837 474.37	836 450.01	1 024.36	
357	Underground conductors and devices	818 878.47	816 666.62	2 211.85	
358	Line transformers	1011 798.95	845 416.53	166 382.42	
359-1	Services - overhead	448 367.24	376 005.99	72 361.25	
359-2	Services - underground	388 941.60	388 941.60		
360	Meters	618 557.72	539 032.00	79 525.72	
361	Installations on customers' premises	9 699.89	9 699.89		
362	Leased property on customers' premises	1 148.48	1 148.48		
363	Street lighting and signal systems	184 036.89	168 070.23	15 966.66	
	Total Distribution Plant	8271 100.62	7209 459.07	1061 641.55	
V.	General Plant				
370-3	Land and land rights - stores	86 520.53	73 639.62	12 880.91	
371-2	Structures and improvements-transportation	11 639.87	5 605.63	6 034.24	
371-3	Structures and improvements-stores	201 077.53	184 030.88	17 046.65	
371-7	Structures and improvements-miscellaneous	323.27	323.27		
372	Office furniture and equipment	153 679.92	138 856.24	14 823.68	
373	Transportation equipment	123 155.26	77 567.92	45 587.34	
374	Stores equipment	9 436.13	8 330.58	1 105.55	
375	Shop equipment	6 634.44	6 389.67	244.77	
376	Laboratory equipment	47 939.09	46 118.91	1 820.18	
377	Tools and work equipment	56 233.96	43 071.97	13 161.99	
378	Communication equipment	17 889.50	8 654.21	9 235.29	
379	Miscellaneous equipment	5 426.50	4 967.14	459.36	
	Total General Plant	719 956.00	597 556.04	122 399.96	
Total Account 100.1, Electric Plant in Service		20319 079.63	12760 666.02	3943 031.60	3615 382.01
Account 100.4, Electric Plant Held for Future Use					
	Block 82, Albina	35 003.45	35 003.45		
Total Account 100, Electric Plant		20354 083.08	12795 669.47	3943 031.60	3615 382.01
Account 107, Electric Plant Adjustments					

NORTHWESTERN ELECTRIC COMPANY

Statement "G"

Comparative Balance Sheet at January 1, 1937
Before and After Adjusting Entries

	ASSETS AND OTHER DEBITS Title of Account	Before Adjustments	After Adjustments	Increase or Decrease
	UTILITY PLANT			
(100)	Electric plant		20 354 033.08	
(107)	Electric plant adjustments		841 515.77	
(105)	Common utility plant			
(108)	Common utility plant adjustments			
(106)	Other utility plant - steam heat		1 263 314.88	
	Total utility plant	21 089 369.96	20 775 882.19	253 487.77
	INVESTMENT AND FUND ACCOUNTS			
(110)	Other physical property		253 506.57	253 506.57
(111)	Investments in associated companies			
(112)	Other investments	10 343.15	10 343.15	
(113)	Sinking funds	2 713 904.54	2 713 904.54	
(114)	Miscellaneous special funds			
	Total investment and fund accounts	2 724 247.69	2 977 754.26	253 506.57
	CURRENT AND ACCRUED ASSETS			
(120)	Cash	486 693.63	486 693.63	
(121)	Special deposits	26 836.75	26 836.75	
(122)	Working funds	6 581.45	6 581.45	
(123)	Temporary cash investments			
(124)	Notes receivable	8 056.38	8 056.38	
(125)	Accounts receivable	406 306.84	406 306.84	
(126)	Receivables from associated companies	29 220.33	29 230.08	9.75
(127)	Subscriptions to capital stock			
(128)	Interest and dividends receivable	426.76	426.76	
(129)	Rents receivable	75.00	75.00	
(130)	Accrued utility revenues			
(131)	Materials and supplies	204 235.03	204 235.03	
(132)	Prepayments	26 079.33	26 079.33	
(133)	Other current and accrued assets	1 380.00	1 380.00	
	Total current and accrued assets	1 196 091.70	1 196 101.45	9.75
	DEFERRED DEBITS			
(140)	Unamortized debt discount and expense	39 067.41	39 067.41	
(141)	Extraordinary property losses			
(142)	Preliminary survey & investigation chgs.			
(143)	Clearing accounts			
(144)	Retirement work in progress			
(145)	Other work in progress	4 730.83	4 730.83	
(146)	Other deferred debits	3 150.00	3 150.00	
	Total deferred debits	66 947.64	66 947.64	
	CAPITAL STOCK DISCOUNT AND EXPENSE			
(150)	Discount on capital stock			
(151)	Capital stock expense			
	Total capital stock discount and expense			
	REACQUIRED SECURITIES			
(152)	Reacquired capital stock	32 600.00	32 600.00	
(153)	Reacquired long-term debt			
	Total reacquired securities	32 600.00	32 600.00	
	Total assets and other debits	23 049 256.99	23 049 285.54	28.55

	LIABILITIES AND OTHER CREDITS Title of Account	Before Adjustments	After Adjustments	Increase or Decrease
	CAPITAL STOCK			
(200)	Common capital stock	3 500 000.00	3 500 000.00	
(201)	Preferred capital stock	4 816 500.00	4 816 500.00	
(202)	Stock liability for conversion			
(203)	Premiums and assessments on capital stock			
(204)	Capital stock subscribed			
(205)	Installments received on capital stock			
	Total capital stock	8 316 500.00	8 316 500.00	
	LONG-TERM DEBT			
(210)	Bonds	8 793 600.00	8 793 600.00	
(211)	Receivers' certificates			
(212)	Advances from associated companies	2 819 609.51	2 819 609.51	
(213)	Miscellaneous long-term debt			
	Total long-term debt	11 613 209.51	11 613 209.51	
	CURRENT AND ACCRUED LIABILITIES			
(220)	Notes payable			
(221)	Notes receivable discounted			
(222)	Accounts payable	91 197.81	91 197.81	
(223)	Payables to associated companies	56 021.36	56 021.36	
(224)	Dividends declared			
(225)	Matured long-term debt			
(226)	Matured interest	26 517.00	26 517.00	
(227)	Customers' deposits	46 447.65	46 447.65	
(228)	Taxes accrued	565 102.08	565 102.08	
(229)	Interest accrued	87 936.00	87 936.00	
(230)	Other current and accrued liabilities	2 334.49	2 334.49	
	Total current and accrued liabilities	875 756.39	875 756.39	
	DEFERRED CREDITS			
(240)	Unamortized premium on debt			
(241)	Customers' advances for construction			
(242)	Other deferred credits	74 313.43	74 313.43	
	Total deferred credits	74 313.43	74 313.43	
	RESERVES			
(250)	Reserve for property retirement	2 196 440.54	2 196 469.09	28.55
(251)	Res.for amort.of lim.term elec.invest.			
(252)	Res.for amort.of elec.pl.acquis.adjust.			
(253)	Res.for dep.and amort.of other property			
(254)	Reserve for uncollectible accounts	39 741.87	39 741.87	
(255)	Insurance reserve			
(256)	Injuries and damages reserve	6 725.04	6 725.04	
(257)	Employes' provident reserve			
(258)	Other reserves	27 051.32	27 051.32	
	Total reserves	2 269 958.77	2 269 987.32	28.55
	CONTRIBUTIONS IN AID OF CONSTRUCTION			
(265)	Contributions in aid of construction			
	SURPLUS			
(270)	Capital surplus			
(271)	Earned surplus	1 899 518.87	1 899 518.87	
	Total surplus	1 899 518.87	1 899 518.87	
	Total liabilities and other credits	23 049 256.99	23 049 285.54	28.55

Statement "H"

Giving a suggested plan for depreciating, amortizing, or otherwise disposing in whole or in part of the amounts, as of January 1, 1937, includible in Account 100.5, Electric Plant Acquisition Adjustments, and Account 107, Electric Plant Adjustments

Account 100.5, Electric Plant Acquisition Adjustments

None

Account 107, Electric Plant Adjustments

The adjustments carried to this account make a credit in the net aggregate of $841,515.77. The Company has no present plan for disposing of this amount.

Statement "I"

Statistical Information Relative to Electric Plant

Production Plant

STEAM PRODUCTION

	Amount
Pittock Station	
Pittock Station, located in basement of Pittock Block, was completed and put into operation in April, 1914. The name plate rating for the two generators installed is 3500 kw at 0.8 power factor each. No addition to generator capacity has been made. Low pressure blading was removed from turbines so that actual capacity of units is only 2000 kw each.	
311 - Structures and Improvements	29 455.90
312 - Boiler Plant Equipment	239 438.60
314 - Turbo Generator Units	94 966.61
315 - Accessory Electric Equipment	26 381.95
316 - Miscellaneous Power Plant Equipment	6 696.45
Total	396 949.51
Lincoln Station	
The original installation of one unit at Lincoln Station was completed in February, 1919 with a rated capacity of 7500 kw at 0.8 power factor. Number 2 unit was installed in October, 1923 and is rated at 8000 kw at 0.8 power factor. Number 3 unit was installed in September, 1929 and is rated at 20,000 kw at 0.8 power factor.	
310 - Land and Land Rights	197 029.47
311 - Structures and Improvements	874 557.80
312 - Boiler Plant Equipment	1 063 720.92
314 - Turbo Generator Units	1 077 204.99
315 - Accessory Electric Equipment	253 407.26
316 - Miscellaneous Power Plant Equipment	105 647.10
Total	3 571 567.54

HYDRAULIC PRODUCTION

Condit Plant

Condit Plant, on the White Salmon River near Underwood, Washington, was completed and put into operation in April, 1913. Two units were installed with a rated capacity of

	Amount
4800 kw each at 0.8 power factor. These machines were rated very low as actual experience has shown they can carry 7500 kw each continuously. No additions have been made since original installation. Total storage capacity of reservoir is 1081 acre feet.	
320 - Land and Land Rights	154 458.04
321 - Structures and Improvements	244 120.20
322 - Reservoirs, Dams, and Waterways	1 290 749.26
323 - Water Wheels, Turbines, and Generators	100 580.21
324 - Accessory Electric Equipment	108 605.80
325 - Miscellaneous Power Plant Equipment	9 747.31
326 - Roads, Railroads, and Bridges	30 579.00
Total	1 938 839.82

Transmission Plant

OVERHEAD TRANSMISSION LINES

Camas Substation to Vancouver Substation

Voltage	66,000
Length in pole miles	17.98
Type of Construction	Single wood pole with pin type insulators

Kind and size of conductor - 16.88 pole miles of this line has 2-#2 hard drawn bare copper for each leg and 1.10 pole miles has 4/0 H.D. copper.

	Total	Washington
340 - Land and Land Rights	848.47	848.47
341 - Clearing Land and Land Rights		
342 - Structures and Improvements		
344 - Towers and Fixtures		
345 - Poles and Fixtures	39 072.16	39 072.16
346 - Overhead Conductors & Devices	59 867.54	59 867.54
349 - Roads and Trails	-	-
Total	99 788.17	99 788.17

Vancouver Substation to West Vancouver Substation

Voltage	66,000
Length in pole miles	1.84
Type of Construction	Single wood pole with pin type insulators
Kind and size of conductor	336,400 A.C.S.R.

	Total	Washington
340 - Land and Land Rights	1 411.21	1 411.21
341 - Clearing Land and Land Rights		
342 - Structures and Improvements		
344 - Towers and Fixtures		
345 - Poles and Fixtures	6 595.10	6 595.10
346 - Overhead Conductors & Devices	8 243.10	8 243.10
349 - Roads and Trails		
Total	16 249.41	16 249.41

West Vancouver Substation to Albina Substation

Voltage - Operates at 66,000 volts - Designed for 110,000 volts except for insulators which are 66,000 volts.

Length in pole miles	9.16
Type of Construction	6.96 pole miles of this line has single wood poles with "wishbone" construction and suspension type insulators. The remainder has double wood poles and suspension type insulators.
Kind and size of conductor	795,000 C.M. A.C.S.R.

	Total	Oregon	Washington
340 - Land and Land Rights	45 559.07	45 559.07	
341 - Clearing Land & Land Rights	6 082.82	6 082.82	
342 - Structures & Improvements			
344 - Towers and Fixtures			
345 - Poles and Fixtures	107 428.35	96 567.95	10 860.40
346 - Overhead Conductors & Devices	77 021.95	75 405.67	1 616.28
349 - Roads and Trails			
Total	236 092.39	223 615.51	12 476.88

Albina Substation to Lincoln Station

Voltage	66,000
Length in pole miles	5.33
Type of Construction	4.92 miles of this line is on single wood poles with pin type insulators. The remainder (.41 miles) is on steel towers with suspension type insulators.
Kind and size of conductor	336,400 C.M. A.C.S.R.

	Total	Oregon
340 - Land and Land Rights	9 702.17	9 702.17
341 - Clearing Land & Land Rights		
342 - Structures and Improvements		
344 - Towers and Fixtures		
345 - Poles and Fixtures	84 688.37	84 688.37
346 - Overhead Conductors & Devices	37 896.60	37 896.60
349 - Roads and Trails		
Total	132 287.14	132 287.14

Condit to Camas Substation

Voltage	66,000
Length in pole miles	48.10
Type of Construction	Single wood pole with pin type insulators
Kind and size of conductor	266,800 C.M. A.C.S.R.

	Total	Washington
340 - Land and Land Rights	49 291.67	49 291.67
341 - Clearing Land & Land Rights	239.41	239.41
342 - Structures & Improvements	4 557.23	4 557.23
344 - Towers and Fixtures		
345 - Poles & Fixtures	128 122.33	128 122.33
346 - Overhead Conductors & Devices	138 462.49	138 462.49
349 - Roads and Trails		
Total	320 673.13	320 673.13

Camas Substation to Albina Substation

Voltage	66,000
Length in pole miles	16.26
Type of Construction	Pin Type Insulators. 14.92 pole miles of this line is single wood pole and 1.34 pole miles is steel tower for Columbia River Crossing.
Kind and size of conductor	That portion on steel towers is 3/4" galvanized steel and the remainder is 266,800 C.M. A.C.S.R.

	Total	Oregon	Washington
340 - Land and Land Rights	6 334.40	5 484.50	849.90
341 - Clearing Land and Land Rights	3 036.55	3 036.55	
342 - Structures and Improvements			
344 - Towers and Fixtures			
345 - Poles and Fixtures	100 334.63	61 588.43	38 746.20
346 - Overhead Conductors & Devices	68 745.76	63 573.62	5 172.14
349 - Roads and Trails			
Total	178 451.34	133 683.10	44 768.24

Albina-Lincoln Line to Station "L" (P.C.E.Co.)

Voltage 66,000

Length in pole miles .33

Type of Construction Single wood poles with pin type insulators

Kind and size of conductor No. 4/0 hard drawn bare copper

	Total	Oregon
340 - Land and Land Rights		
341 - Clearing Land & Land Rights		
342 - Structures & Improvements		
344 - Towers and Fixtures		
345 - Poles and Fixtures	1 322.32	1 322.32
346 - Overhead Conductors & Devices	2 459.18	2 459.18
349 - Roads and Trails		
Total	3 781.50	3 781.50

Albina Substation to Knott Substation (P.C.E. Co.)

Voltage 66,000

Length in pole miles .47 There is in addition .63 mile of this line which is on the poles of the Albina-Lincoln Station line.

Type of Construction Single wood poles with pin type insulators

Kind and size of conductor 336,400 C.M. A.C.S.R.

	Total	Oregon
340 - Land and Land Rights		
341 - Clearing Land & Land Rights		
342 - Structures & Improvements		
344 - Towers and Fixtures		
345 - Poles and Fixtures	4 452.28	4 452.28
346 - Overhead Conductors & Devices	6 950.59	6 950.59
349 - Roads and Trails		
Total	11 402.87	11 402.87

UNDERGROUND TRANSMISSION LINES

West Vancouver to Oregon Shore of Columbia River (Albina)

Voltage	Operates at 66,000 volts but designed for 110,000 volts
Length in circuit miles	1.01
Type of Construction	Submarine across Columbia River
Kind and size of conductor	Single conductor, 750,000 C.M. oilfilled, lead covered and steel armored cable

	Total	Oregon	Washington
340 - Land Land Rights			
341 - Clearing Land & Land Rights			
342 - Structures & Improvements			
347 - Underground Conduit			
348 - Underground Conductors & Devices	225 457.96	164 584.32	60 873.64
349 - Roads and Trails			
Total	225 457.96	164 584.32	60 873.64

TRANSMISSION SUBSTATIONS

Knott Substation (P.G.E.Co.)

This substation connects our transmission system to the Portland General Electric Company's system. Only principal item owned is:

1 - 7500 kva 66/37 kv transformer

Station "L" Substation (P.G.E. Co.)

This substation connects our transmission system to the Portland General Electric Company's system. Principal items of equipment owned by us are:

2 - 10,000 kva 66/37 kv transformers

Camas Substation

Camas Substation is an outdoor wood pole structure with three transmission line positions and 66 kv bus. Principal items of equipment are as follows:

Oil circuit breakers	2-Westinghouse type O 22 400 amp. 73 Kv 1-Westinghouse type O 2225 600 amp. 73 kv
Disconnect switches	6-Bowie type GA 400 amp. 73 kv 3-ELECO 300 amp. 73 kv
Current transformers	1-200-400/5 amp. 73 kv 1-1200/5 amp. 73 kv

Vancouver Substation

Vancouver Substation consists of an outdoor pole structure for two transmission line positions and 66 kv bus, one bank of 66/11 kv transformers, 11 kv bus, and a one story reinforced concrete building to house a 10,000 kva phase modifier with complete automatic control. Principal items of equipment are as follows:

Phase modifier	1 - 10,000 kva 11kv
Transformers	2 - 2,000 kva 66/11 kv 1 - 5,000 kva 66/11 kv
Oil circuit breakers	2 - 600 amp 73 kv 1 - 400 amp 15 kv
Disconnect switches	6 - 600 amp 73 kv 1 - 300 amp 73 kv 5 - 400 amp 15 kv 2 - 600 amp 15 kv
Current transformers	2 - 100-200/5 amp 73 kv 2 - 13,800 volt 400/5 amp
Potential transaformers	4 - 66,000/110 volt 250 va 2 - 11,500/115 volt 2.5 kva

Condit Substation

This is a step-up substation 2.3/66 kv, located in Condit Plant, stepping up generator voltage to transmission line voltage. It consists of connections to generator bus, two banks of transformers, 66 kv bus, and one line position. Principal items of equipment are as follows:

Transformers	6 - G.E. type W.C. 2000 kva 2.3/66 kv
Lightning arrester	1 - G.E. type 1, form 02 3Ø, four stack aluminum cell with horn gaps and choke coils 70 kv

Oil circuit breakers	2 - G.E. K10 150 amp. 70 kv 1 - Westinghouse G22 600 amp. 73 kv
Current transformers	2 - Niagara 200 amp 70 kv
Potential transformers	2 - Westinghouse 600 amp 73 kv
Disconnect switches	2 - 70 amp 70 kv 21 - single pole 400 amp 70 kv

Albina Substation

Albina Substation is a transmission switching center for transmission lines coming into Portland. It is an outdoor fabricated steel structure with three transmission line positions and with main and auxiliary bus. These buses are 1½" copper pipe, iron pipe size. Other principal items of equipment are as follows:

Oil circuit breakers	2 - Westinghouse O 2 600 amp 73 kv 1 - G.E. FK0 - 136 400 amp 73 kv
Potential transformers	5 - Westinghouse type VC 66000/110 V 200 va 2 - G.E. type K 116 66000/110 V 200 va
Current transformers	1 - Niagara type C 200-400/5 amp 2 - " " " 150-300/5 "
Disconnect switches	10 - Bowie 3 pole 600 amp 73 kv

Lincoln Substation

Lincoln Substation is an outdoor steel structure substation 66/11 kv to tie 66 kv transmission line to Lincoln Station 11 kv bus. Capacity 15,000 kva. Principal items of equipment are as follows:

Transformers	3 - G.E. 5000 kva 66/11 kv
Oil circuit breaker	2 - 1200 amp 15 kv
Disconnect switches	1 - 600 amp 73 kv 4 - 1200 amp 15 kv
Current transformers	5 - 1200/5 amp 15 kv 3 - 200/5 amp 73 kv
Potential transformers	2 - 11000/110 200 va
Lightning arrester	1 - Westinghouse auto valve 3P 66 kv
Pole top switch	1 - G.E. 3 pole 300 amp 73 kv

Distribution Plant

OVERHEAD SYSTEM

Pole miles of line	455.10
Circuit miles of line	Not available
*Meters in service - overhead and underground	44 351
Poles	
Cedar - solely owned	7 010
Cedar - jointly owned with other companies	21 853
Fir - solely owned	764
Steel - jointly owned with other companies	2
Total Poles	29 629

UNDERGROUND SYSTEM

**Miles of "conduit run" or "duct bank"	14.6

Meters are included above with overhead system

*Includes locked meters on customers' premises
**The A.I.E.E. proposed American standard definition for conduit run or duct bank is, "An arrangement of conduit providing one or more continuous ducts between two points".

DISTRIBUTION SUBSTATIONS

1 - Reinforced concrete indoor substation	66/11 kv	12 000 kva
	11/24 kv	1 500 kva
3 - Wood pole outdoor structures	66/11 kv	15 000 kva
	11/24 kv	2 100 kva
2 - Reinforced concrete indoor substations	11/24 kv	6 000 kva
4 - Outdoor type pipe framework substations	11/24 kv	12 000 kva
1 - Indoor type in leased buildings	11/24 kv	9 000 kva
1 - Indoor switching substation	11 kv	
5 - Portable sheet iron on structural steel framework indoor single feeder substations	11/24 kv	4 600 kva
2 - Wood pole outdoor structure	11/24 kv	1 950 kva
6 - Pole top structures	11/24 kv	2 200 kva

LINE TRANSFORMERS

Number	4 388
Capacity in kva	76 843.5

STREET LIGHTING AND SIGNAL SYSTEMS

Number of ornamental lighting standards	580
Number of ornamental lighting brackets	1
Lamps of 6000 lumens	1 160
Lamps of 10000 lumens	1

We do not have any traffic, fire alarm, police or other signal systems.

General Plant

PRINCIPAL STRUCTURES AND IMPROVEMENTS

The principal structure is the Albina storeroom building, a two story reinforced concrete structure with a basement 100' X 200', a tar and gravel roof on wood frame.

The Vancouver storeroom and garage - one story wood frame building, 30' X 60', covered with galvanized corrugated iron.

A warehouse office adjoining the Vancouver storeroom, consisting of a wood frame building 20' X 36½'; an oil house built of wood framework with a sheet metal ridge roll.

The Camas warehouse and garage, consisting of a one story reinforced concrete building 60' X 70' X 18'; also an oil storage house built of corrugated iron on 2 X 4 frame, 120 lineal feet of 52" galvanized fencing on wood posts.

Vancouver garage - a wood frame portable type building with rustic siding.

Portland garage - leased building, heating plant. Three corrugated iron buildings for line trucks adjacent to Albina pole yard.

The Albina pole yard containing a one story frame building 51' X 34'-9", concrete floors, corrugated siding, wiring, plumbing, etc.

Carpenter shop building, storage shed, wood frame telephone building used by line department for reporting, and fence at 12th and Flanders Street, Portland.

TRANSPORTATION VEHICLES AND APPURTENANT EQUIPMENT - Oregon and Washington

Type of Transportation Vehicle
Passenger cars - light

1	Chevrolet
5	Ford V-8
2	Ford Model T
26	Ford Model A
1	Plymouth

Other passenger cars

4 Buick

Pickup and light trucks

5 Chevrolet
19 Ford Model A
7 Ford V-8
6 International
1 Plymouth
1 Reo Speed Wagon
1 G.M.C.

Heavy trucks

1 G.M.C. 1½ T
1 G.M.C. 3½ T equipped with winch - gin pole
1 G.M.C. 5 T " " Mead Morrison jaw clutch winch, 4 tool boxes
1 International 2 T
3 White 2 T equipped with gin pole - winches
6 Ford 1½ T
1 Chevrolet 1/2 T
9 Trailers
1 Tractor Willside Caterpiller

GARAGE EQUIPMENT

This item includes aligning equipment, work benches, metal cabinet and shelves for parts, tire changer, battery charger, electric drills, ventilating system, grinding machines, grease and spray guns, jacks, drum lathe, air compressor outfit, car washing outfit, portable polisher, testing equipment, gasoline pumps, gasoline storage tank, and miscellaneous small tools. This equipment is located in Portland, Oregon and Vancouver, Washington garages.

STORES, SHOP, AND LABORATORY EQUIPMENT - Oregon and Washington

Stores Equipment

Albina pole yard, pole framing and handling equipment includes: derrick motor driven hoist, air compressor, oil receiver, piping, and equipment.

Albina, Vancouver, and Camas storerooms equipment include: Monorail conveyor system, steel storage racks and shelving, storeroom counter, work benches, platform scales, gasoline pump, switching gear, portable hoists, oil purifier, unit piping sets, wire tying machine, torches, wheelbarrows, etc.

Shop Equipment

Carpenter shop equipment at 12th and Flanders Street includes the following equipment: Motor driven table saw, radial cut-off saw, work benches, heaters, and machine and hand tools.

Shop equipment other locations includes: electric drills, work benches, machine and hand tools, hand threading and cutting machines, vises, etc.

Laboratory Equipment

Laboratory equipment consists of meter and current transformers, test tables, potential transformer units, testing sets, motor generator sets, switchboard panel, radio interference equipment, current and potential batteries, meters, short circuit board, voltmeters, ammeters, wattmeters, portable loading devices, shunts, etc.

COMMUNICATION EQUIPMENT

Equipment consists of cross arms, pins, hardware and transposition brackets; also telephone circuits, booths, hand sets, intercommunicating sets, radio transmitting and receiving sets, etc.

TOOLS AND WORK EQUIPMENT

The equipment consists of pole line construction equipment and tools on trucks and cars; excavators, concrete mixers, concrete pipe and duct installation equipment including pavement breakers, derricks, hoists, pumps, compressors, concrete mixers, gas engines, street barricades, electric drills, welding equipment, ladders, hand pipe threaders and cutters, cable pulling equipment, etc.

This equipment is located in the Portland and Washington Districts.

MISCELLANEOUS EQUIPMENT

The equipment consists of radios, kitchen and restaurant equipment located on 3rd floor Public Service Building and operator's cottage furnishings located at Conkit Plant.

NORTHWESTERN ELECTRIC COMPANY

VERIFICATION

State of OREGON)
)ss
County of MULTNOMAH)

C. W. Platt makes oath and says that he is Treasurer of Northwestern Electric Company and that the foregoing statements entitled Reclassification of Plant Accounts, as of January 1, 1937, were prepared under his supervision; that he has examined said statements and to the best of his knowledge and belief the information contained in said statements is true and correct, and is prepared in accordance with the appropriate provisions of the Uniform System of Accounts prescribed for Licensees and Public Utilities and the order of the Commission adopted on May 11, 1937.

(Signed) C. W. Platt

Subscribed and sworn to before me a Notary Public in and for the above named State and County, this 12th day of June 1939

(Signed) H.N. Purcell

My commission expires

March 6, 1940

EXHIBIT 9

FEDERAL POWER COMMISSION

WASHINGTON, D. C.

PUBLIC UTILITIES COMMISSIONER

OF OREGON

NORTHWESTERN ELECTRIC COMPANY

PORTLAND, OREGON

REPORT ON THE

RECLASSIFICATION AND ORIGINAL COST STUDIES OF ELECTRIC PLANT

AS AT JANUARY 1, 1937

FEDERAL POWER COMMISSION

WASHINGTON, D. C.

PUBLIC UTILITIES COMMISSIONER

OF OREGON

NORTHWESTERN ELECTRIC COMPANY

PORTLAND, OREGON

REPORT ON THE

RECLASSIFICATION AND ORIGINAL COST STUDIES OF ELECTRIC PLANT

AS AT JANUARY 1, 1937

FEDERAL POWER COMMISSION

J. J. O'Neil, *Chief Examiner of Accounts*
R. L. Bertolacci, *Engineer*
J. M. Goodpaster, *Examiner of Accounts*

PUBLIC UTILITIES COMMISSIONER OF OREGON

J. W. Pentney, *Senior Accountant*
D. B. McClure, *Junior Accountant*
R. L. Street, *Junior Accountant*

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NORTHWESTERN ELECTRIC COMPANY

SUBJECT OF REPORT

Pursuant to Electric Plant Instruction 2-D of the Uniform Systems of Accounts promulgated by the Federal Power Commission and the Public Utilities Commissioner of Oregon, and the Orders adopted by the respective Commissions on May 11, 1937 and September 26, 1938, Northwestern Electric Company prepared and submitted studies relative to the reclassification of its electric plant accounts as at January 1, 1937.

This report covers an examination of these studies at Portland, Oregon, by members of the staffs of the Federal Power Commission and the Public Utilities Commissioner of Oregon.

Shown below is a summary of the plant accounts as reclassified by the company, proposed adjustments of the Commission Staffs, and the status after giving effect to such adjustments.

PARTICULARS	AS RECLASSIFIED BY COMPANY	PROPOSED ADJUSTMENTS	AFTER ADJUSTMENTS
100. Electric Plant			
100.1 Electric plant in service			
Intangible plant	$ 3,616,654.15	$(3,615,814.44)	$ 839.71
Steam production plant	3,968,517.05	(3,968,517.05)	
Hydraulic production plant	1,938,839.82	(18,400.88)	1,920,438.94
Transmission plant	1,804,011.99	(151,745.08)	1,652,266.91
Distribution plant	8,271,100.62	(708,054.79)	7,563,045.83
General plant	719,956.00	(556,513.43)	163,442.57
Total elec. plant in service	20,319,079.63	(9,019,045.67)	11,300,033.96
100.4 Elec. plant held for future use	35,003.45	6,612.92	41,616.37
Total electric plant	20,354,083.08	(9,012,432.75)	11,341,650.33
107. Electric Plant Adjustments	(841,515.77)	4,585,546.51	3,744,030.74
Sub Total (Accts 100 & 107)	19,512,567.31	(4,426,886.24)	15,085,681.07
108. Other Utility Plant			
108.1 Common utility plant-			
Intangible plant		115,814.44	115,814.44
Production plant		3,805,944.83	3,805,944.83
General plant		505,126.97	505,126.97
Total common utility plant		4,426,886.24	4,426,886.24
108.2 Steam heating plant	1,328,700.83	(85,434.33)	1,243,266.50
Steam heating plant adjustments	(65,385.95)	85,434.33	20,048.38
Total steam heating plant	1,263,314.88		1,263,314.38
Total other utility plant	1,263,314.88	4,426,886.24	5,690,201.12
110. Other Physical Property	253,506.57		253,506.57
Grand Total	$ 21,029,388.76	$	$ 21,029,388.76

GENERAL DESCRIPTION OF THE UTILITY AND CORPORATE HISTORY

Northwestern Electric Company was incorporated under the laws of the State of Washington on January 7, 1911 for the initial purpose of furnishing power to the Crown-Columbia Pulp & Paper Company at Camas, Washington. Shortly thereafter, the company expanded its operations to include a general electric power and steam heating business in the states of Oregon and Washington.

Original capitalization was for $5,000,000, consisting of 50,000 shares of common capital stock with a par value of $100 per share, authorized and subscribed for on January 7, 1911, the date of incorporation. An additional $5,000,000 of common capital stock, of a similar denomination, was authorized at a meeting of the stockholders on May 14, 1912.

On September 16, 1936, the company reduced the par value of its common stock from $100 per share to $35 per share, eliminating $6,500,000 from its Fixed Capital Account and reducing its common stock account to $2,500,000. Authority for this reduction was granted by the Department of Public Service of the State of Washington by its Order No. 6969, entered under date of September 3, 1936, and by the Public Utilities Commissioner of Oregon by Order No. 3664, entered on September 2, 1936.

On April 8, 1914, $2,000,000 of 6% Preferred Stock of $100 par value was authorized, of which 18,703 shares were issued. On October 14, 1920, an additional 100,000 shares of 7% First Preferred Stock of a par value of $100 per share was authorized, subject to the proviso that the 18,703 shares of original 6% Preferred Stock might be converted into the 7% First Preferred Stock at the rate of 9/10 of a share of 7% First Preferred Stock for each share of original 6% Preferred Stock. As of December 31, 1936, 47,471 shares of 7% First Preferred Stock have been issued of a par value of $4,747,100, while 694 shares of original 6% Preferred Stock of a par value of $69,400 have not been exchanged.

The authorized bonded indebtedness amounts to $10,000,000 of First Mortgage 6% Twenty Year Sinking Fund Gold Bonds. The date of issue was May 1, 1915 and the date of maturity May 1, 1935. On maturity, however, the bonds were extended for a period of ten years to May 1, 1945. Since this extension, the bonds have been called as of May 1, 1940 and refinanced by the issuance of $6,700,000 of 4% bonds due September 1, 1960. As of December 31, 1936, of the $8,793,600 face amount of bonds issued, $2,573,100 have been reacquired and held alive in the Sinking Fund, resulting in a net outstanding funded indebtedness of $6,220,500.

Additional long term debt is represented by an open account with American Power & Light Company, parent, which amounted to $2,819,609.51 at December 31, 1936. This indebtedness was replaced as of September 1, 1939 by $2,800,000 of 4½% debentures due September 1, 1959.

Summarized, the capital stock and long term debt of the company on December 31, 1936 was as follows:

Common Capital Stock, 100,000 shares par value $35 per share	$ 3,500,000.00
7% First Preferred Capital Stock, 47,471 shares par value $100 per share	4,747,100.00
6% Preferred Capital Stock, 694 shares par value $100 per share	69,400.00
First Mortgage 6% Twenty Year Sinking Fund Gold Bonds, due May 1, 1945	6,220,500.00
Open Account-indebtedness to American Power & Light Company, parent	2,819,609.51
Total	$17,356,609.51

The electric utility property owned by Northwestern Electric Company consists of distribution systems serving the City of Vancouver and vicinity in the State of Washington, and the City of Portland and vicinity in the State of Oregon, and of power pool properties which consist of certain transmission lines, substations, and three generating plants that are used in supplying electric energy to the distribution systems of both states.

Northwestern Electric Company leases certain properties from the Pacific Power & Light Company, its affiliate, consisting of distribution systems in the towns of Kalama, Woodland, Ridgefield and vicinity in the State of Washington, and Rainier, Prescott and vicinity in the State of Oregon. The company also leases a transmission line from the Pacific Power & Light Company, connecting the Ariel generating plant with the power pool at West Vancouver.

Condit station is a hydro electric generating plant located on the White Salmon River in the State of Washington, completed and placed in operation in April of 1913. Two units are installed with a rated capacity of 4,800 kw each at 0.8 power factor. Actual experience indicates that these machines can carry 7,500 kw each continuously. The total storage capacity of the reservoir is 1,081 acre feet.

Lincoln station is a steam generating plant located in the City of Portland, Oregon, and is jointly used by the electric and steam heating systems. It contains three units, one installed in each of the years 1919, 1923 and 1929, and is rated at 35,500 kw at 0.8 power factor.

Pittock station is a steam generating plant located in the City of Portland, Oregon, and is jointly used by the electric and steam heating systems. It was completed and placed in operation in April 1914, with two generators each of a rated capacity of 3,500 kw at 0.8 power factor. Low pressure blading was removed from the turbines, so that the actual capacity of the units is only 2,000 kw each.

In addition to its generating facilities, Northwestern Electric Company maintains interconnections with the Pacific Power & Light Company at the Condit generating plant in Washington, with the Portland General Electric Company at Station "L" and at Knott sub station in Oregon, and with the Inland Power & Light Company at Ariel generating plant. All of the purchased energy for the power pool is obtained through these interconnections.

The system further includes seven transmission substations known at Knott, Station "L", Camas, Vancouver, Condit, Albina and Lincoln, eight overhead transmission lines and one underground transmission line, all of which are described under the caption "Original

ost of Generating Plants, Transmission Lines and
ages of this report.

Distribution facilities consist of twenty-fiv
wned poles, 455.1 pole miles of overhead lines, 1
ine transformers with a capacity of 76,843.5 kva,
.161 lamps and 44,351 meters.

Electrical energy to supply the distribution
ashington and Oregon was obtained from the Puget
ubstation near Kalama until October 1935, when a
riel generating plant to Northern substation made
ystems from Ariel.

AFFILIATIONS WITH FOREIGN

Since its inception on January 7, 1911 to app
lectric Company was owned and controlled by the F
nanciers. About March 1, 1925, American Power &
ocket all of the outstanding common stock at a re
wer & Light Company first exercised control on M
oard of Directors, and at December 31, 1936 held

According to Moody's Manual of Investments, D
ecember 31, 1936, 31.1% of the common stock of Am
f its $5.00 Preferred Stock.

A sketch map showing the system of Northweste
ollowing page.

nd Transmission Substations" in the later

five substations, 29,629 sole or jointly
, 14.6 miles of underground lines, 4,388
va, 581 street lighting standards and brackets,

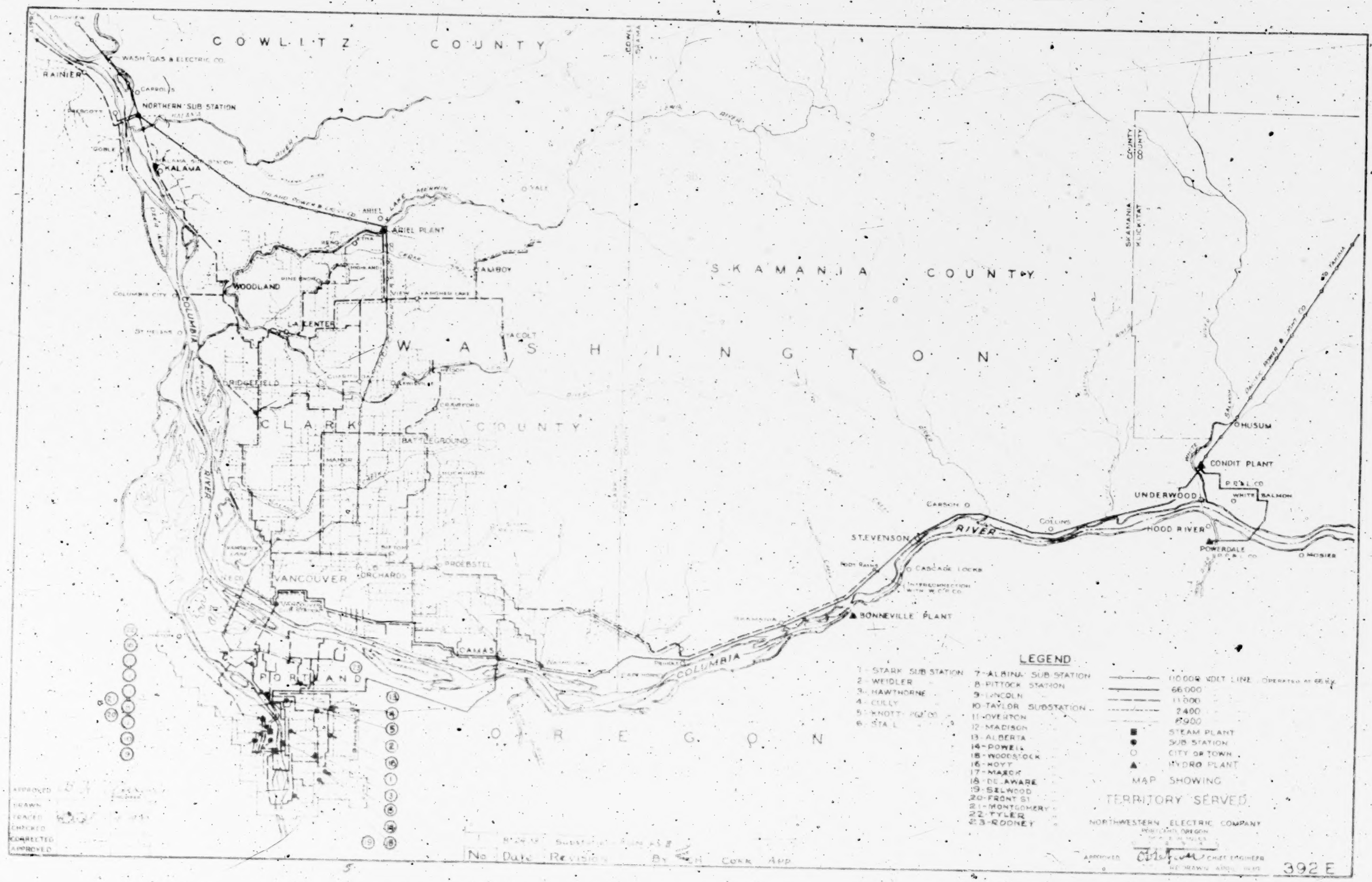
on systems of the leased properties in both
et Sound Power & Light Company at Northern
a newly constructed transmission line from
ade it possible to obtain electricity for those

CING COMPANY SYSTEM

approximately March 1, 1925, Northwestern
e Fleishhacker interests, San Francisco
r & Light Company purchased in the open
reputed cost of $5,095,946.48. American
n March 18, 1925 in the election of the
ld 100% common stock ownership.

Electric Bond & Share Company held as of
American Power & Light Company, and 5.3%

stern Electric Company is set forth on the


COWLITZ COUNTY
SKAMANIA COUNTY
WASHINGTON
CLARK COUNTY
OREGON
RAINIER
WASH. GAS & ELECTRIC CO.
NORTHERN SUB STATION
KALAMA
ARIEL
ARIEL PLANT
AMBOY
WOODLAND
LA CENTER
RIDGEFIELD
BATTLEGROUND
VANCOUVER
ORCHARDS
PROEBSTEL
CAMAS
PORTLAND
COLUMBIA RIVER
BONNEVILLE PLANT
CASCADE LOCKS
STEVENSON
CARSON
COLLINS
HOOD RIVER
POWERDALE
UNDERWOOD
WHITE SALMON
CONDIT PLANT
HUSUM
MOSIER
LEGEND
1 - STARK SUB STATION
2 - WEIDLER
3 - HAWTHORNE
4 - CULLY
5 - KNOTT
6 - STA L
7 - ALBINA SUB STATION
8 - PITTOCK STATION
9 - LINCOLN
10 - TAYLOR SUBSTATION
11 - OVERTON
12 - MADISON
13 - ALBERTA
14 - POWELL
15 - WOODSTOCK
16 - HOYT
17 - MARCH
18 - DELAWARE
19 - SELWOOD
20 - FRONT ST
21 - MONTGOMERY
22 - TYLER
23 - RODNEY
110,000 VOLT LINE
66,000
11,000
2400
6900
STEAM PLANT
SUB STATION
CITY OR TOWN
HYDRO PLANT
MAP SHOWING
TERRITORY SERVED
NORTHWESTERN ELECTRIC COMPANY
PORTLAND, OREGON
APPROVED
CHIEF ENGINEER
No Date Revision By CH Cook App
392 E

ELECTRIC PLANT PRIOR TO RECLASSIFICATION

Schedule 1 shown on the following page, reflects the accounts and amounts by which electric and steam heating plants were recorded on the books of the company as at December 31, 1936, prior to reclassification

The company reflected its plant accounts according to the Uniform System of Accounts for Electrical and Gas Utilities promulgated by the Public Utilities Commissioner of Oregon, effective January 1, 1925.

NORTHWESTERN ELECTRIC COMPANY — Schedule I

Electric and Steam Heating Plant - December 31, 1936
(Prior to Reclassification)

Account Number and Title		Amount	
Intangible Capital			
301.	Organization	$ 369,161.61	
302.	Franchises	1,272.14	
303.	Miscellaneous Intangible Capital	109,489.65	$ 479,923.50
Generating Plant - Steam			
311a	Steam Power Plant Land	$ 181,768.51	
312a	Steam Power Plant Structures	868,387.08	
313.	Boiler Plant Equipment	1,364,439.48	
315.	Turbo-Generating Plant	1,116,205.55	
316.	Electric Plant	263,929.23	
317.	Miscellaneous Power Plant Equipment	9,112.82	3,803,842.67
Generating Plant - Hydro			
311b	Hydro-Electric Power Plant Land	$ 152,491.07	
312b	Hydro-Electric Power Plant Structures	243,573.03	
318.	Reservoirs, Dams and Waterways	1,278,934.92	
319.	Roads, Trails and Bridges	30,431.99	
320.	Water, Turbines and Waterwheels	99,280.06	
322.	Electric Plant	106,061.64	
323.	Miscellaneous Power Plant Equipment	9,676.23	1,920,438.94
Transmission Capital			
311d	Transmission System Land	$ 169,107.27	
312d	Transmission System Structures	21,411.84	
328a	Transmission Substation Equipment	457,160.11	
331a	Transmission Poles, Towers and Fixtures	441,113.87	
332a	Transmission Overhead Conductors	369,274.50	
333a	Transmission Underground Conductors	203,195.22	1,664,262.81
Distribution Capital			
311e	Distribution System Land	$ 64,111.88	
312e	Distribution System Structures	92,768.14	
328b	Distribution Substation Equipment	1,180,361.66	
330b	Distribution Underground Conduits	800,412.32	
331b	Distribution Poles, Towers and Fixtures	1,057,766.98	
332b	Distribution Overhead Conductors	1,226,801.03	
333b	Distribution Underground Conductors	742,589.99	
335.	Services	781,727.14	
336.	Line Transformers and Devices	832,851.55	
337.	Line Transformer Installation	56,772.86	
338.	Customers' Meters	843,268.79	
339.	Meter Installation	32,803.76	7,412,236.05
Utilization Capital			
340.	Installation on Consumers' Premises	$ 7,701.90	
341.	Commercial Lamps	8,929.54	
342.	Street Lighting Equipment	137,804.54	
343.	Electric Appliances	1,043.09	155,479.07
General Capital			
344a	General Office Equipment	$ 147,617.04	
311g1	Stores Department Land	82,956.39	
312g1	Stores Department Structures	182,084.95	
344b	General Stores Equipment	8,859.92	
344c	General Shop Equipment	5,749.90	
312g3	Transportation Department Structures	10,742.32	
344d	Transportation Equipment	115,583.06	
344e	Telephone, Telegraph and Wireless	16,473.44	
344f	Laboratory Equipment	39,525.90	
312g5	Miscellaneous Structures	291.35	
344g	Miscellaneous Equipment	44,923.82	654,802.09
Steam Heat Capital			
239a	Steam Heat Mains Low Pressure	$ 773,445.22	
239b	Steam Heat Mains High Pressure	154,337.67	
240.	Steam Heat Meters	74,305.29	
241.	Steam Heat Services	149,815.93	
242.	Steam Heat Miscellaneous	107,970.70	1,259,874.81
Non-Operating Capital			
-	Miscellaneous Intangible Capital	$3,400,000.00	
-	Non-Operating Lands	288,510.02	3,688,510.02
	Grand Total		$21,029,369.96

RESUME OF COMPANY'S STUDY

As of December 31, 1936, the fixed capital accounts of Northwestern Electric Company were classified in accordance with the Uniform Classification of Accounts for Electrical and Gas Utilities promulgated by the Public Utilities Commissioner of Oregon, effective January 1, 1925.

As a result of previous investigations of the rates, charges and services of the company, joint examinations had been made by the staffs of the Public Utilities Commissioner of Oregon and the Department of Public Service of the State of Washington of the original cost of the company's utility plant, which examinations had been brought down to December 31, 1936, as of which date the fixed capital accounts of the company were adjusted to agree with the results of the staff investigations.

To conform to the Uniform System of Accounts of the Federal Power Commission and of the Public Utilities Commissioner of Oregon, effective January 1, 1937, the company found it necessary to make certain reclassifications of its property which were effected through the medium of book analyses of the accounts affected. As a result of this, certain minor inaccuracies discovered in the course of the analyses were adjusted.

Upon the completion of this reclassification, the company computed certain elements of interest during construction, interest on daily cash balances, interest and taxes on construction material inventories, and an apportionment of prior years' administrative and general expenses, all of which were added to the reclassified capital and prorated to the primary accounts.

SCOPE OF EXAMINATION MADE BY FEDERAL POWER COMMISSION STAFF AND THE STAFF OF THE PUBLIC UTILITIES COMMISSIONER OF OREGON

Since the original cost of utility plant of Northwestern Electric Company had been examined and checked in detail by the staffs of the Public Utilities Commissioner of the State of Oregon and the Department of Public Service of the State of Washington, and the records of the company adjusted to their findings at December 31, 1936, it was not necessary to make a detailed analysis of the company's construction accounts. The staff of the Federal Power Commission reviewed the working papers of both Commissions.

Subsequent entries proposed by the company for the purpose of reclassification and minor adjustment were examined. Certain studies were prepared in connection with the company's restatement of elements of interest during construction and prior years' administrative and general expenses.

A physical inspection and study was made for the purpose of establishing facilities used jointly in electric and steam heating operations.

STATEMENT OF UTILITY PLANT AND OTHER PHYSICAL PROPERTY
AS OF JANUARY 1, 1937
REFLECTING PROPOSED ADJUSTMENTS OF COMMISSION STAFFS

Schedule II, shown on the following pages, sets forth Utility Plant and Other Physical Property Accounts at January 1, 1937, as reclassified by the company in its original cost study, and after reflecting proposed adjustments of the Commission Staffs. The schedule also sets forth the general nature of the proposed adjustments and the respective amounts by primary plant accounts. These adjustments are described more fully in the pages immediately following the schedule.

Schedule IIA, a subschedule of Schedule II, sets forth the adjusted Utility Plant and Other Physical Property Accounts on the basis of situs.

NORTHWESTERN ELECTRIC COMPANY

Statement of Utility Plant and Other Physical Property
as of January 1, 1937
(Reflecting Proposed Adjustments of Commission Staffs)

Schedule II.

Account Number and Title	As Reclassified Per Company's Original Cost Study Statement "F"	After Reflecting Proposed Adjustments of Commission Staffs	Difference Represents the Proposed Adjustments	PROPOSED ADJUSTMENTS: To Reverse Company Restatement of Interest During Construction	To Reverse Company Restatement of Interest on Cash Balances	To Reverse Company Restatement of Interest & Taxes on Construction Material Inventories	To Reverse Company Restatement of Prior Years Administrative & General Expense	Unsupported Charges to Electric Plant (Common Stock)	Transfers to Account 100.4 Electric Plant Held for Future Use	Transfers Within Account 100.1 Electric Plant in Service	Jointly Used Property Transferred to Account 108 Common Utility Plant
100. Electric Plant											
100.1 Electric Plant in Service											
Intangible Plant -											
301. Organization	$ 3,505,798.46	$ -	$(3,505,798.46)	$ -	$ -	$ -	$ -	$(3,500,000.00)	$ -	$ -	$(5,798.46)
302. Franchises and Consents	1,272.14	839.71	(432.43)	-	-	-	-	-	-	-	(432.43)
303. Miscellaneous Intangible Plant	109,583.55	-	(109,583.55)	-	-	-	-	-	-	-	(109,583.55)
Total Intangible Plant	$ 3,616,654.15	$ 839.71	$(3,615,814.44)	$ -	$ -	$ -	$ -	$(3,500,000.00)	$ -	$ -	$(115,814.44)
Production Plant -											
(A) Steam Production											
310. Land and Land Rights	$ 197,029.47	$ -	$(197,029.47)	$ -	$(465.93)	$ -	$(14,795.03)	$ -	$ -	$ -	$(181,768.51)
311. Structures and Improvements	904,013.70	-	(904,013.70)	-	(2,162.04)	-	(33,464.58)	-	-	-	(868,387.08)
312. Boiler Plant Equipment	1,303,159.52	-	(1,303,159.52)	(856.92)	(3,088.57)	(663.75)	(28,712.01)	-	-	-	(1,269,838.27)
314. Turbo-generator Units	1,172,171.60	-	(1,172,171.60)	-	(2,638.37)	-	(53,327.68)	-	-	-	(1,116,205.55)
315. Accessory Electric Equipment	279,799.21	-	(279,799.21)	(884.35)	(631.28)	-	(14,354.35)	-	-	-	(263,929.23)
316. Miscellaneous Power Plant Equipment	112,343.55	-	(112,343.55)	(51.38)	(15.65)	(484.12)	(6,006.21)	-	-	-	(105,816.48)
Total Steam Production	$ 3,968,517.05	$ -	$(3,968,517.05)	$(1,792.65)	$(9,001.84)	$(1,117.87)	$(150,659.86)	$ -	$ -	$ -	$(3,805,944.83)
(B) Hydraulic Production											
320. Land and Land Rights	$ 154,488.04	$ 152,491.07	$(1,996.97)	$ -	$(96.14)	$ -	$(1,870.83)	$ -	$ -	$ -	$ -
321. Structures and Improvements	244,120.20	243,573.03	(547.17)	-	(11.25)	-	(535.92)	-	-	-	-
322. Reservoirs, Dams and Waterways	1,290,749.26	1,278,934.92	(11,814.34)	(1,594.09)	(455.73)	-	(9,764.52)	-	-	-	-
323. Water Wheels, Turbines and Generators	100,580.21	99,280.06	(1,300.15)	-	(30.78)	-	(1,269.37)	-	-	-	-
324. Accessory Electric Equipment	108,606.80	106,051.64	(2,554.16)	(16.86)	(76.60)	-	(2,460.70)	-	-	-	-
325. Miscellaneous Power Plant Equipment	9,747.31	9,676.23	(71.08)	-	(13.86)	-	(57.22)	-	-	-	-
326. Roads, Railroads and Bridges	30,579.00	30,431.89	(147.11)	-	(3.44)	-	(143.57)	-	-	-	-
Total Hydraulic Production	$ 1,938,859.82	$ 1,920,438.94	$(18,400.88)	$(1,610.95)	$(687.80)	$ -	$(16,102.13)	$ -	$ -	$ -	$ -
Total Production Plant	$ 5,907,376.87	$ 1,920,438.94	$(3,986,917.93)	$(3,403.60)	$(9,689.64)	$(1,117.87)	$(166,761.99)	$ -	$ -	$ -	$(3,805,944.83)
Transmission Plant -											
340. Land and Land Rights	$ 168,580.55	$ 159,710.99	$(8,869.56)	$ -	$(167.06)	$ -	$(6,702.50)	$ -	$ -	$ -	$ -
341. Clearing Land and Rights-of-Way	9,368.78	9,368.78	-	-	-	-	-	-	-	-	-
342. Structures and Improvements	24,325.80	21,411.84	(2,913.96)	(622.15)	(50.06)	-	(2,241.75)	-	-	-	-
343. Station Equipment	506,625.95	457,160.11	(49,465.84)	(4,248.20)	(1,061.60)	(436.93)	(43,730.11)	-	-	-	-
344. Towers and Fixtures	-	77,169.90	77,169.90	-	-	-	-	-	-	77,169.90	-
345. Poles and Fixtures	472,015.74	362,935.97	(109,079.77)	(2,353.13)	(760.55)	(3,364.49)	(24,831.70)	-	-	(77,169.90)	-
346. Overhead Conductors and Devices	399,647.21	361,324.10	(38,323.11)	(2,452.89)	(555.03)	(7,972.94)	(17,342.25)	-	-	-	-
348. Underground Conductors and Devices	226,457.96	205,195.22	(22,262.74)	-	(520.85)	-	(21,741.89)	-	-	-	-
Total Transmission Plant	$ 1,806,011.99	$ 1,652,266.91	$(153,745.08)	$(10,276.37)	$(3,106.15)	$(11,773.36)	$(116,590.20)	$ -	$ -	$ -	$ -
Distribution Plant -											
350. Land and Land Rights	$ 89,622.62	$ 84,008.36	$(5,614.26)	$ -	$(164.03)	$ -	$(5,450.23)	$ -	$ -	$ -	$ -
351. Structures and Improvements	100,380.32	98,768.14	(1,612.18)	-	(164.90)	(983.65)	(463.63)	-	-	-	-
352. Station Equipment	1,299,786.97	1,173,748.74	(126,038.23)	(10,820.36)	(2,558.41)	(27,285.32)	(78,761.22)	-	(6,612.92)	-	-
354. Poles, Towers and Fixtures	1,142,935.15	1,058,599.59	(84,335.56)	(2,163.68)	(2,488.74)	(12,001.32)	(67,681.87)	-	-	-	-
355. Overhead Conductors and Devices	1,339,471.96	1,227,592.23	(111,879.72)	(2,820.38)	(2,903.69)	(36,288.69)	(69,866.96)	-	-	-	-
356. Underground Conduit	837,474.37	781,990.40	(55,483.97)	(1,806.46)	(1,498.18)	(8,956.85)	(45,232.48)	-	-	-	-
357. Underground Conductors and Devices	818,678.47	741,866.24	(77,792.23)	(2,364.21)	(1,641.92)	(30,631.04)	(43,155.06)	-	-	-	-
358. Line Transformers	1,011,798.95	886,431.33	(125,317.62)	(881.30)	(2,187.09)	(82,484.27)	(39,764.96)	-	-	-	-
359.1 Services - overhead	448,367.24	420,786.20	(27,581.04)	(19.83)	(1,285.39)	(637.00)	(25,640.82)	-	-	-	-
359.2 Services - underground	608,941.60	564,472.68	(44,469.04)	(204.79)	(864.22)	(7,285.26)	(16,416.77)	-	-	-	-
360. Meters	618,567.72	576,078.75	(42,478.97)	(1.07)	(1,324.21)	(7,693.46)	(33,459.64)	-	-	-	-
361. Installations on Customers' Premises	9,699.89	8,744.32	(955.27)	-	(43.69)	-	(911.58)	-	-	-	-
362. Leased Property on Customers' Premises	2,148.48	1,043.09	(105.39)	-	(2.67)	-	(102.72)	-	-	-	-
363. Street Lighting and Signal Systems	184,036.89	165,645.58	(18,391.31)	-	(348.79)	(1,760.06)	(16,282.44)	-	-	-	-
Total Distribution Plant	$ 8,271,100.62	$ 7,565,045.83	$(706,054.79)	$(21,082.63)	$(17,178.93)	$(215,994.93)	$(449,190.38)	$ -	$(6,612.92)	$ -	$ -
General Plant -											
370.2 Land and Land Rights - Stores	$ 86,520.53	$ 11,611.28	$(74,909.25)	$ -	$(85.29)	$ -	$(3,484.85)	$ -	$ -	$ -	$(71,389.11)
371.2 Structures and Improvements - Transportation	11,639.87	5,514.71	(6,125.16)	(.82)	(27.48)	-	(869.30)	-	-	-	(5,227.61)
371.3 Structures and Improvements - Stores	201,077.53	15,535.00	(185,542.53)	(20.78)	(463.90)	-	(18,507.90)	-	-	-	(166,549.95)
371.7 Structures and Improvements - Miscellaneous	323.27	-	(323.27)	-	(.75)	-	(31.17)	-	-	-	(291.35)
372. Office Furniture and Equipment	151,679.92	13,595.50	(140,084.42)	-	(348.25)	-	(11,144.13)	-	-	-	(128,595.04)
373. Transportation Equipment	128,151.28	41,661.13	(81,494.15)	-	(277.61)	-	(7,294.59)	-	-	-	(73,921.95)
374. Stores Equipment	9,436.13	1,024.78	(8,411.35)	-	(22.13)	-	(554.08)	-	-	-	(7,835.14)
375. Shop Equipment	6,634.44	220.60	(6,413.84)	-	(14.74)	-	(527.23)	-	-	-	(5,872.87)
376. Laboratory Equipment	47,989.09	44,746.06	(3,193.03)	-	(96.65)	-	(3,097.38)	-	-	-	-
377. Tools and Work Equipment	56,233.26	12,600.71	(43,633.26)	(174.09)	(114.19)	-	(2,817.14)	-	-	-	(40,527.84)
378. Communication Equipment	17,889.50	16,473.44	(1,416.06)	(1.50)	(27.79)	(1,334.36)	(52.41)	-	-	-	-
379. Miscellaneous Equipment	5,426.50	459.36	(4,967.14)	-	-	-	-	-	-	-	(4,967.14)
Total General Plant	$ 715,955.00	$ 163,442.57	$(552,512.43)	$(197.19)	$(1,474.78)	$(1,334.36)	$(48,380.18)	$ -	$ -	$ -	$(505,126.97)
Total Electric Plant in Service - forward	$ 20,619,079.55	$ 11,300,081.94	$(9,319,045.61)	$(34,979.79)	$(31,449.40)	$(228,220.52)	$(760,922.75)	$(10,500,000.00)	$(6,612.92)	$ -	$(4,426,582.24)

NORTHWESTERN ELECTRIC COMPANY
Statement of Utility Plant and Other Physical Property
as of January 1, 1937
(Reflecting Proposed Adjustments of Commission Staffs)

Schedule II (Cont'd)

Account Number and Title	As Reclassified Per Company's Original Cost Study Statement "B"	After Reflecting Proposed Adjustments of Commission Staffs	Difference Represents the Proposed Adjustments	PROPOSED ADJUSTMENTS: To Reverse Company Re-statement of Interest During Construction	To Reverse Company Re-statement of Interest on Cash Balances	To Reverse Company Re-statement of Interest & Taxes on Construction Material Inventories	To Reverse Company Re-statement of Prior Years Administrative & General Expense	Unsupported Charges to Electric Plant (Common Stock)	Transfers to Account 100.4 Electric Plant Held for Future Use	Transfers Within Account 100.1 Electric Plant in Service	Jointly Used Property Transferred to Account 108 Common Utility Plant
Total Electric Plant In Service - brot. fwd.	$20,319,979.63	$11,300,033.96	$(9,019,045.67)	$(34,959.79)	$(31,443.45)	$(238,220.52)	$(780,922.75)	$(3,500,000.00)	$(6,612.92)	$ -	$(4,426,886.24)
100. 4 Electric Plant Held for Future Use	58,003.45	41,816.37	6,612.92	-	-	-	-	-	6,612.92	-	-
Total Electric Plant	$20,364,083.08	$11,341,850.33	$(9,012,432.75)	$(34,959.79)	$(31,443.45)	$(238,220.52)	$(780,922.75)	$(3,500,000.00)	-	-	$(4,426,886.24)
107. Electric Plant Adjustments	(841,515.77)	3,744,030.74	4,585,546.51	34,959.79	31,443.45	238,220.52	780,922.75	3,500,000.00	-	-	$(4,426,886.24)
Sub-total (Accounts 100 & 107)	$19,512,567.31	$15,085,881.07	$(4,426,886.24)	-	-	-	-	-	-	-	$(4,426,886.24)
108. Other Utility Plant											
108.1 Common Utility Plant											
Intangible Plant-											
301. Organization	$ -	$ 5,798.46	$ 5,798.46	-	-	-	-	-	-	-	$ 5,798.46
302. Franchises and Consents	-	432.43	432.43	-	-	-	-	-	-	-	432.43
303. Miscellaneous Intangible Plant	-	109,583.55	109,583.55	-	-	-	-	-	-	-	109,583.56
Total Intangible Plant	$ -	$ 115,814.44	$ 115,814.44	-	-	-	-	-	-	-	115,814.44
Production Plant-											
310. Land and Land Rights	$ -	$ 181,768.51	$ 181,768.51	-	-	-	-	-	-	-	181,768.51
311. Structures and Improvements	-	868,387.08	868,387.08	-	-	-	-	-	-	-	868,387.08
312. Boiler Plant Equipment	-	1,269,838.27	1,269,838.27	-	-	-	-	-	-	-	1,269,838.27
314. Turbo-Generator Units	-	1,116,205.55	1,116,205.55	-	-	-	-	-	-	-	1,116,205.55
315. Accessory Electric Equipment	-	263,929.23	263,929.23	-	-	-	-	-	-	-	263,929.23
316. Miscellaneous Power Plant Equipment	-	105,816.19	105,816.19	-	-	-	-	-	-	-	105,816.19
Total Steam Production	$ -	$ 3,806,944.83	$ 3,806,944.83	-	-	-	-	-	-	-	$ 3,806,944.83
General Plant-											
370.2 Land and Land Rights - Stores	$ -	$ 71,339.11	$ 71,339.11	-	-	-	-	-	-	-	71,339.11
371.2 Structures and Improvements - Transportation	-	5,227.61	5,227.61	-	-	-	-	-	-	-	5,227.61
371.3 Structures and Improvements - Stores	-	166,549.95	166,549.95	-	-	-	-	-	-	-	166,549.95
371.7 Structures and Improvements - Miscellaneous	-	291.35	291.35	-	-	-	-	-	-	-	291.35
372. Office Furniture and Equipment	-	128,595.04	128,595.04	-	-	-	-	-	-	-	128,595.04
373. Transportation Equipment	-	73,921.93	73,921.93	-	-	-	-	-	-	-	73,921.93
374. Stores Equipment	-	7,836.14	7,836.14	-	-	-	-	-	-	-	7,836.14
375. Shop Equipment	-	5,871.87	5,871.87	-	-	-	-	-	-	-	5,871.87
376. Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-
377. Tools and Work Equipment	-	40,627.83	40,627.83	-	-	-	-	-	-	-	40,627.83
378. Communication Equipment	-	-	-	-	-	-	-	-	-	-	-
379. Miscellaneous Equipment	-	4,967.14	4,967.14	-	-	-	-	-	-	-	4,967.14
Total General Plant	$ -	$ 506,126.97	$ 506,126.97	-	-	-	-	-	-	-	506,126.97
Total Common Utility Plant	$ -	$ 4,426,886.24	$ 4,426,886.24	-	-	-	-	-	-	-	$ 4,426,886.24
108.2 Steam Heating Plant											
1343. Transmission Mains	$ 156,233.66	154,893.09	$(1,340.57)	(143.96)	(396.62)	(800.94)	-	-	-	-	-
1344. Distribution Mains	833,161.35	774,776.85	(58,385.14)	(1,912.96)	(1,570.87)	(25,267.75)	(29,632.57)	-	-	-	-
1349. Services	162,551.43	153,689.63	(8,861.80)	(3.51)	(354.02)	(1,382.01)	(7,122.26)	-	-	-	-
1360. Meters	82,221.29	75,447.62	(6,773.67)	(.06)	(179.17)	(3,201.23)	(3,393.21)	-	-	-	-
1361. Installations on Customers' Premises	94,532.52	84,459.31	(10,073.21)	-	(273.00)	(3,546.79)	(6,253.42)	-	-	-	-
	$ 1,328,700.83	$ 1,243,266.50	$(85,434.33)	$(2,060.47)	$(2,772.68)	$(34,198.72)	$(46,402.46)	-	-	-	-
Steam Plant Adjustments	(65,385.95)	20,048.38	85,434.33	2,060.47	2,772.68	34,198.72	46,402.46	-	-	-	-
Total Steam Heating Plant	$ 1,263,314.88	$ 1,263,314.88	-	-	-	-	-	-	-	-	-
Total Other Utility Plant	$ 1,263,314.88	$ 5,690,201.12	$ 4,426,886.24	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Utility Plant	$20,776,882.19	$20,776,882.19	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
110. Other Physical Property	253,506.57	253,506.57	-	-	-	-	-	-	-	-	-
Grand Total	$21,029,388.76	$21,029,388.76	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

NORTHWESTERN ELECTRIC COMPANY

Schedule IIA

Statement of Utility Plant and Other Physical Property
On Basis of Situs - January 1, 1937
(After Reflecting Proposed Adjustments by Commission Staffs)

Account Number and Title	Utility Plant As Adjusted By Commission Staffs	Oregon	Washington	Unallocated Between States
100. Electric Plant				
100.1 Electric Plant in Service				
Intangible Plant -				
301. Organization	$ -	$ -	$ -	$ -
302. Franchises and Consents	839.71	-	839.71	-
303. Miscellaneous Intangible Plant	-	-	-	-
Total Intangible Plant	$ 839.71	$ -	$ 839.71	$ -
Production Plant -				
(B) Hydraulic Production				
320. Land and Land Rights	$ 152,491.07	$ -	$ 152,491.07	$ -
321. Structures and Improvements	243,573.03	-	243,573.03	-
322. Reservoirs, Dams and Waterways	1,278,934.92	-	1,278,934.92	-
323. Waterwheels, Turbines and Generators	99,280.06	-	99,280.06	-
324. Accessory Electric Equipment	106,051.64	-	106,051.64	-
325. Miscellaneous Power Plant Equipment	9,676.23	-	9,676.23	-
326. Roads, Railroads and Bridges	30,431.99	-	30,431.99	-
Total Hydraulic Production	$ 1,920,438.94	$ -	$ 1,920,438.94	$ -
Transmission Plant -				
340. Land and Land Rights	$ 159,710.99	$ 104,719.41	$ 54,991.58	$ -
341. Clearing Land and Rights-of-Way	9,358.78	9,119.37	239.41	-
342. Structures and Improvements	21,411.84	-	21,411.84	-
343. Station Equipment	457,180.11	236,883.15	220,276.96	-
344. Towers and Fixtures	77,169.90	59,992.18	17,177.72	-
345. Poles and Fixtures	362,935.97	163,916.95	199,019.02	-
346. Overhead Conductors and Devices	361,324.10	164,259.64	197,064.46	-
348. Underground Conductors and Devices	203,195.22	148,332.52	54,862.70	-
Total Transmission Plant	$ 1,652,266.91	$ 887,223.22	$ 765,043.69	$ -
Distribution Plant -				
360. Land and Land Rights	$ 64,008.36	$ 51,118.79	$ 12,889.57	$ -
361. Structures and Improvements	92,768.14	92,170.21	597.93	-
362. Station Equipment	1,173,748.74	996,733.11	177,015.63	-
364. Poles, Towers and Fixtures	1,058,599.59	807,302.23	251,297.36	-
365. Overhead Conductors and Devices	1,227,592.23	1,008,421.19	219,171.04	-
366. Underground Conduit	781,990.40	780,987.93	1,002.47	-
367. Underground Conductors and Devices	741,086.24	738,967.13	2,119.11	-
368. Line Transformers	886,481.33	742,633.65	143,847.68	-
369.1 Services - Overhead	420,786.20	353,564.83	67,221.37	-
369.2 Services - Underground	364,472.56	364,472.56	-	-
370. Meters	576,078.75	503,284.05	72,794.70	-
371. Installation on Customers' Premises	8,744.62	8,744.62	-	-
372. Leased Property on Customers' Premises	1,043.09	1,043.09	-	-
373. Street Lighting and Signal Systems	165,645.58	151,170.19	14,475.39	-
Total Distribution Plant	$ 7,563,045.83	$ 6,600,613.58	$ 962,432.25	$ -
General Plant -				
370.3 Land and Land Rights - Stores	$ 11,611.28	$ -	$ 11,611.28	$ -
371.2 Structures and Improvements - Transportation	5,514.71	-	5,514.71	-
371.3 Structures and Improvements - Stores	15,535.00	-	15,535.00	-
371.7 Structures and Improvements - Miscellaneous	-	-	-	-
372. Office Furniture and Equipment	13,595.50	-	13,595.50	-
373. Transportation Equipment	41,661.13	-	41,661.13	-
374. Stores Equipment	1,024.78	-	1,024.78	-
375. Shop Equipment	220.60	-	220.60	-
376. Laboratory Equipment	44,746.06	43,105.61	1,640.45	-
377. Tools and Work Equipment	12,600.71	-	12,600.71	-
378. Communication Equipment	16,473.44	7,990.43	8,483.01	-
379. Miscellaneous Equipment	459.36	-	459.36	-
Total General Plant	$ 163,442.57	$ 51,096.04	$ 112,346.53	$ -
Total Electric Plant in Service - (frwd)	$11,300,033.96	$ 7,538,932.84	$ 3,761,101.12	$ -

NORTHWESTERN ELECTRIC COMPANY

Schedule IIA (Cont'd)

Statement of Utility Plant and Other Physical Property
On Basis of Situs - January 1, 1937
(After Reflecting Proposed Adjustments by Commission Staffs)

Account Number and Title	Utility Plant As Adjusted By Commission Staffs	Oregon	Washington	Unallocated Between States
Total Electric Plant in Service - brought forward	$11,300,033.96	$ 7,538,932.84	$ 3,761,101.12	-
100.4 Electric Plant Held for Future Use	41,616.37	41,616.37	-	-
Total Electric Plant	$11,341,650.33	$ 7,580,549.21	$ 3,761,101.12	$ -
107. Electric Plant Adjustments	3,744,030.74	158.14	(80.87)	3,743,953.47
Subtotal (Accounts 100 and 107)	$15,085,681.07	$ 7,580,707.35	$ 3,761,020.25	$ 3,743,953.47
08. Other Utility Plant				
108.1 Common Utility Plant				
Intangible Plant -				
301. Organization	$ 5,798.46	$ -	$ -	$ 5,798.46
302. Franchises and Consents	432.45	432.45	-	-
303. Miscellaneous Intangible Plant	109,583.55	-	-	109,583.55
Total Intangible Plant	$ 115,814.44	$ 432.45	-	$ 115,382.01
Production Plant -				
310. Land and Land Rights	$ 181,768.51	$ 181,768.51	$ -	$ -
311. Structures and Improvements	868,387.08	868,387.08	-	-
312. Boiler Plant Equipment	1,269,838.27	1,269,838.27	-	-
314. Turbo-Generator Units	1,116,205.55	1,116,205.55	-	-
315. Accessory Electric Equipment	263,929.23	263,929.23	-	-
316. Miscellaneous Power Plant Equipment	105,816.19	105,816.19	-	-
Total Steam Production	$ 3,805,944.83	$ 3,805,944.83	$ -	$ -
General Plant -				
370.3 Land and Land Rights - Stores	$ 71,339.11	$ 71,339.11	$ -	$ -
371.2 Structures and Improvements - Transportation	5,227.61	5,227.61	-	-
371.3 Structures and Improvements - Stores	166,549.95	166,549.95	-	-
371.7 Structures and Improvements - Miscellaneous	291.35	291.35	-	-
372. Office Furniture and Equipment	128,595.04	128,595.04	-	-
373. Transportation Equipment	73,921.93	73,921.93	-	-
374. Stores Equipment	7,835.14	7,835.14	-	-
375. Shop Equipment	5,871.87	5,871.87	-	-
376. Laboratory Equipment	-	-	-	-
377. Tools and Work Equipment	40,527.83	40,527.83	-	-
378. Communication Equipment	-	-	-	-
379. Miscellaneous Equipment	4,967.14	4,967.14	-	-
Total General Plant	$ 505,126.97	$ 505,126.97	$ -	$ -
Total Common Utility Plant	$ 4,426,886.24	$ 4,311,504.23	$ -	$ 115,382.01
108.2 Steam Heating Plant				
1353. Transmission Mains	$ 154,893.09	$ 154,893.09	$ -	$ -
1354. Distribution Mains	774,776.85	774,776.85	-	-
1359. Services	153,689.63	153,689.63	-	-
1360. Meters	75,447.62	75,447.62	-	-
1361. Installations on Consumers' Premises	84,459.31	84,459.31	-	-
	$ 1,243,266.50	$ 1,243,266.50	$ -	$ -
Steam Plant Adjustments	20,048.38	20,048.38	-	-
Total Steam Heating Plant	$ 1,263,314.88	$ 1,263,314.88	$ -	$ -
Total Other Utility Plant	$ 5,690,201.12	$ 5,574,819.11	$ -	$ 115,382.01
Total Utility Plant	$20,775,882.19	$13,155,526.46	$ 3,761,020.25	$ 3,859,335.48
110. Other Physical Property	253,506.57	-	253,506.57	-
Grand Total	$21,029,388.76	$13,155,526.46	$ 4,014,526.82	$ 3,859,335.48

ADJUSTMENTS PROPOSED BY COMMISSION STAFFS
ACCOUNT 100.1, ELECTRIC PLANT IN SERVICE ($9,019,045.67)

REVERSAL OF RESTATEMENT OF INTEREST DURING CONSTRUCTION ($34,959.79)

From the effective date of plant operation, July 1, 1914, until December 31, 1925, the records of the company indicate that other than a specific computation in the case of the construction of the Lincoln steam generating station, no interest during construction was included as a component of construction cost.

As a part of its study of original cost of utility plant, the company calculated interest during construction at the rate of 6% per annum on all work orders, the completed cost of which was in excess of $1,000, for the period July 1, 1914 to December 31, 1925. This interest calculated on 131 work orders aggregating $1,828,025.74 of construction, amounted to $37,028.26, of which $34,959.79 was allocated to the primary accounts in Account 100.1, Electric Plant in Service, and $2,060.47 was allocated to the primary accounts in Account 105, Steam Heating Plant.

It is evident that the non-capitalization of interest during construction during this period was one of managerial policy considered proper at the time by all concerned.

It is the opinion of the examiners that the reclassification of electric plant pursuant to Electric Plant Instruction 2-D was not intended to require or permit a re-accounting of a utility's construction costs. Consequently the entire amount of such interest during construction has been scheduled for adjustment, and reversed to Account 107, Electric Plant Adjustments.

REVERSAL OF RESTATEMENT OF INTEREST ON AVERAGE CASH BALANCES ($31,443.46)

As a theoretical element of original cost of utility plant, the company added to the existing book balances at December 31, 1936 an amount representing interest on average annual cash balances.

As a basis for this computation, the company prepared a study of its cash expenditures for the years 1914 to 1934 in such a manner as to indicate separately amounts expended for gross additions to utility plant, operating expenses, interest on bonds and loans, interest on sinking fund bonds, taxes and lease rentals. This study indicated that for the years 1914 to 1934 gross cash expenditures amounted to $54,641,321.15, of which $15,977,970.72 was classified as "construction" expenditures and $38,663,350.43 was classified as "operating" expenditures. Total expenditures was construed to represent 100%, resulting in a ratio of 29.242% as "construction" expenditures and 70.758% as "operating" expenditures.

For each of the years from 1914 to 1934, the company took the twelve month-end balances as reflected in the cash account, arrived at a total and by dividing the aggregate month-end balances by twelve, computed an average annual cash balance. The total of these average annual cash balances aggregated $1,780,590.52, and to this the company applied the "construction" expenditure ratio of 29.242%, which resulted in an amount of $520,680.28. In effect, this amount has been deemed to represent an average annual cash balance available for

construction purposes of $24,794.30 for each of the past twenty one years.

Because of certain refinancing by the company, the computed average annual cash balances for the years 1935 and 1936 approximated one half million dollars. For the purpose of this computation, the company disregarded average book cash balances and used for the years 1935 and 1936 an amount of $24,794.30, representing the averages of the previous twenty one years. These amounts, added to the previous $520,680.28, resulted in an aggregate average cash balance for the twenty-three years of $570,268.88.

To this final figure, an estimated annual interest rate of 6% was applied, resulting in a figure of $34,216.13 deemed by the company to represent interest on available cash funds subsequently used or to be used for construction purposes. To reduce the company's complicated calculation to simpler terms, the computation is predicated on the contention of the company that for each of the past twenty-three years it has maintained cash balances available for construction averaging $24,794.30, that for each of these years it is entitled to capitalize interest at the rate of 6% or $1,487.66 per year, and that the total so capitalizeable to the end of 1936 amounts to $34,216.13.

This amount was then prorated to the primary utility plant accounts based on the ratio which the net increase in each primary account bore to the total net increase in utility plant from July 1, 1914 to December 31, 1936. On this ratio, $31,443.45 was prorated to the primary accounts in Account 100.4, Electric Plant in Service, and $2,772.68 was prorated to the primary accounts in Account 108, Steam Heating Plant.

It is the opinion of the examiners that cash funds available for purposes of operation or construction constitute an element of working capital, a return on which is included in the rates and charges of the company to consumers, and that the inclusion of such return in the primary utility plant accounts of the company constitutes an unjust duplication of charges. Consequently, the entire amount of such interest has been scheduled for adjustment, and reversed to Account 107, Electric Plant Adjustments.

REVERSAL OF RESTATEMENT OF INTEREST AND TAXES ON CONSTRUCTION MATERIAL INVENTORIES ($238,220.52)

As a theoretical element of original cost of utility plant, the company added to the existing book balances at December 31, 1936 an amount representing interest and taxes on estimated construction material inventories for the years 1915 to 1935, inclusive.

As a basis for this computation, the company analyzed material and supply inventories for the years 1915, 1921, 1927, 1931 and 1936, eliminating from the December 31st balance in each year obsolete materials, merchandise and appliances, operating and maintenance materials, reels, arms, scrap and general materials. The remaining amount was deemed to represent the amount of construction materials on hand. To the year end balances of the years intervening between actual inventory analyses, a ratio was applied as developed by the years analyzed. On the annual amounts deemed to represent construction materials, 6% interest was computed for each year, and the total interest so computed amounted to $194,294.21.

In the computation of taxes, 50% of the tax levy of the City of Portland for each of the years from 1915 to 1936 was applied to the amount of inventory deemed to represent construction

materials, and the amounts of the tax so computed aggregated $78,125.03.

The company then further analyzed the inventories for the years 1915, 1921, 1927, 1931 and 1936 and established by primary utility plant accounts the amounts included in such inventories which, by their character or nature, would likely be charged to those primary accounts, or which were deemed to be held for use in those accounts.

To the totals of these five years, there was then applied a ratio on the basis that each primary account bore to the total of the five inventories. On these ratios, the estimated interest in the amount of $194,294.21 and the estimated taxes in the amount of $78,125.03, a total of $272,419.24, were prorated to the primary accounts in utility plant. On this ratio, $238,220.52 was prorated to the primary accounts in Account 100.1, Electric Plant in Service, and $34,198.72 was prorated to Account 108, Steam Heating Plant.

It is the opinion of the examiners that material and supply inventories, available for purposes of operation or construction, constitute an element of working capital, a return on which is included in the rates and charges of the company to consumers. The duplication of such return in the primary utility plant accounts of the company constitutes a violation of sound principles of accounting, and is contrary to the System of Accounts. The entire amount of such interest and taxes has therefore been scheduled for adjustment, and reversed to Account 107, Electric Plant Adjustments.

REVERSAL OF RESTATEMENT OF PRIOR YEARS' ADMINISTRATIVE AND GENERAL EXPENSES ($780,922.75)

As a theoretical element of original cost of utility plant, the company added to the existing book balances at December 31, 1936 30.937% of administrative expenses and general expenses for the years 1924 to 1936, all of which had previously been charged to operating expenses.

As a base for this computation, the company prepared a study of its administrative and general expenses for the years 1924 to 1936, excluding therefrom insurance, claim department expenses, medical expenses, injuries to employees, other personal injuries, accident expenses, regulatory commission expenses, amortization of franchises and general servicd fees, arriving at a figure of $2,677,929.71 of remaining administrative and general expenses deemed by the company to be applicable jointly to construction and operations, although previously charged to operating expenses.

The items of Administrative and General Expenses included in the above-mentioned amount of $2,677,929.71 are as follows:

Administrative Salaries	$521,230.47
General Office Salaries	586,505.82
Office Supplies & Expenses	183,743.86
Telephone and Telegraph "	2,893.50
Stationery and Printing	12,250.90
Law Expenses	117,696.69
Other Misc. General Expenses	609,792.98
Service Fees	121,926.90
Rentals	183,510.93
Operation of Communication System	5,268.46
Maintenance of Communication System	9,895.76
Maintenance of General Structures	12,826.02

Franchise Requirements	$ 577.00
Employees Welfare Dept.	111,791.82
Pensions	6,361.08
Accident Prevention	5,178.95
Donations	10,445.84
Misc. Duplicate Charges	(1,250.53)
General and Misc. expenses apportioned from above accounts to Steam Heating Operations	177,183.31
Total	$2,677,829.71

The company then computed all other operating expenses for the period to be $23,854,402.86 and construction expenditures to be $10,685,565.30. Based on this study, 69.06% of administrative and general expenses was deemed to have been properly charged against operating expenses, while 30.937% or $828,471.11, was deemed by the company to represent administrative and general expenses applicable to construction.

The company next determined the net additions by primary utility plant accounts from December 31, 1923 to December 31, 1936 to be $7,732,011.30, and arrived at a ratio of 10.7104255% to be added to each primary account to take up the estimated $828,471.11 of administrative and general expense being restated from operating expenses. This ratio was rounded off to an even 10.7%, so that the actual amount of administrative and general expense so added amounted to $827,325.21, of which $780,922.75 was prorated to the primary accounts in Account 100.1, Electric Plant in Service, and $46,402.46 was prorated to the primary accounts in Account 108, Steam Heating Plants.

Electric Plant Instruction 2-B reads as follows:

> "* * * * * * * * * It is likewise not intended that adjustments shall be made to record in electric plant accounts amounts previously charged to operating expenses in accordance with the uniform system of accounts in effect at the time or in accordance with the discretion of management as exercised under such uniform system of accounts."

From January 1, 1925 to January 1, 1937 Northwestern Electric Company has been operating under the Uniform Classification of Accounts for Electrical and Gas Utilities promulgated by the Public Service Commission of the State of Oregon, under which system of accounts and in accordance with the discretion of management, the amounts attempted to be restated were charged to operating expenses.

In accordance with Electric Plant Instruction 2-B, the entire amount of such administrative and general expenses has been scheduled for adjustment, and reversed to Account 107, Electric Plant Adjustments.

UNSUPPORTED CHARGES TO ELECTRIC PLANT - COMMON STOCK ($3,500,000.00)

Northwestern Electric Company, in the years 1911 and 1912, issued common stock with a par value of $100 per share in an aggregate amount of $10,000,000. On September 16, 1936, the company reduced the par value of this stock from $100 per share to $35 per share, eliminating $6,500,000 from its Utility Plant account, to which the stock had been charged upon issuance, and reduced its common stock account to $3,500,000. Prior to reclassification, the company carried $3,400,000 of this amount as Non-Operating Fixed Capital, but in its original cost

study the amount was reclassified and transferred to Account 301, Organization.

According to the minutes of the Directors' meetings of April 15, 1912, 50,000 shares of common stock were issued in consideration of the transfer by the subscribers of certain lands with riparian rights, water rights and other properties. The second issue of 50,000 shares on May 14, 1912, according to the Minutes of the Directors on June 12, 1912 represented additional compensation for the same considerations specified at the time of the first issue. An examination of the books did not support this contention as no cash was received from the sale of this common stock and it appeared that all of the land with riparian rights, water rights and other properties were paid for and charged to fixed capital by the company at the time of their acquisition.

In its original cost study, the company does not include this item in fixed capital on the grounds that it represents stock issued for tangible property; rather, its inclusion is predicated on the following statements:

> "The principal incorporators served in executive and administrative capacities from the date of incorporation to March 1925, having served without compensation until after the company had passed through the initial development period and was ready for permanent financing. They gave personal attention and direction to the acquisition of lands and water rights for the hydro electric project, to the purchasing of supplies and equipment, to administrative and general supervision of construction, to the securing of franchises and connected business, and to other corporate matters. They negotiated the short term obligations referred to above, guaranteeing them in large part by their own endorsements and in due course sold by solicitation at their own cost and expense, a large issue of preferred stock of the company."
>
> "As compensation for their promotional efforts and their executive and administrative services to the company extending over a period of years as outlined above, for the risk incurred in furnishing capital and guaranteeing large sums of money invested in an unproven enterprise, and for costs incurred in the solicitation and sale of the preferred stock issue, the incorporators received as their entire compensation the common stock of the company which was issued to them in an amount of 100,000 shares."

The text of Account 301, Organization, does not provide for the inclusion of any such item as described above; furthermore, Electric Plant Instruction 3-D provides as follows:

> "When the consideration given for property is other than cash, the value of such consideration shall be determined on a cash basis. In the entry recording such transaction, the actual consideration shall be described with sufficient particularity to identify it. The utility shall be prepared to furnish the Commission the particulars of its determination of the cash value of the consideration, if other than cash."

In the instant case, the company has not determined the value of such consideration on a cash basis, and has not furnished the Commission the particulars of its determination of such cash value. Therefore, the examiners have transferred the amount of $3,500,000 to Account 107, Electric Plant Adjustments.

TRANSFERS TO ACCOUNT 100.4 ELECTRIC PLANT HELD FOR FUTURE USE

In the company's filed statement, Account 352, Station Equipment, contained certain

items of equipment located in the Taylor Street substation which, upon inspection, have been found not to be in service, but installed and held for future use. In accordance with Account 100.4 Electric Plant Held for Future Use, these items have been transferred out of Account 100.1, Electric Plant in Service, and established in the former account:

No.	Item	Total Cost
16	Westinghouse Oil Circuit Breakers	$ 5,968.37
2	Champion 600 Amp. 25 kv Disc Switches	55.76
3	Champion S.P.D.T. 600 Amp. 25 kv Disc Switches	187.28
2	G.E. Type Current Limiting Resistors 15 kv	145.38
4	Sets Maple Split Collars 1" I.D.	3.42
1½	Sets Maple Split Collars 1 9/16" I.D.	.85
8	E.P.E. Co. Bus Supports Heavy Duty	92.17
1	Allen Bradley Contactor form D-220V	25.62
45	Wall Tubes - Locke 7166 6"	81.25
10	Wall Tubes - Locke 7166 10"	24.47
6	Pr. Bus Clamps Type for 3" A.C. Bus	15.10
7	Clamp Terminals A Type for 3" A.C. Bus	12.89
3	Steel Plates #14 Ga. 8" square	.36
	Total	$ 6,612.92

TRANSFERS WITHIN ACCOUNT 100.1, ELECTRIC PLANT IN SERVICE

In its filed report, the company failed to properly classify transmission towers and fixtures, which, in accordance with the Uniform System of Accounts, should have been included under Account 344, Towers and Fixtures.

In order to effect this reclassification, the cost of steel towers and fixtures on the Albina-Lincoln and the Camas-Albina Transmission lines have been transferred by the examiners from Account 345, Poles and Fixtures, to Account 344, Towers and Fixtures.

A summary of the costs so transferred is as follows:

Account Number	Title of Account	Total	Albina Lincoln Line	Camas Albina Line
344	Towers and Fixtures	$77,169.90	$54,773.91	$22,395.99
345	Poles and Fixtures	(77,169.90)	(54,773.91)	(22,395.99)
	Net			

JOINTLY USED PROPERTY TRANSFERRED TO ACCOUNT 108, COMMON UTILITY PLANT, ($ 4,426,886.24).

The system of the Northwestern Electric Company is used for the purpose of supplying electrical energy to consumers in both the states of Washington and Oregon, and in addition a part of the facilities are used in supplying steam to steam heat consumers located in the City of Portland, Oregon.

In its original cost study the company reflected in Account 108, Steam Heating Plant, only those facilities used in the transmission and distribution of steam and retained in Account 100.1, Electric Plant in Service, all production and general facilities used jointly

by the electric and steam heating departments. In accordance with Electric Plant Instruction 15 of the Uniform System of Accounts, the examiners have transferred from Account 100.1, Electric Plant in Service, the following jointly used facilities and established them by primary accounts in Account 108, Common Utility Plant:

Account 301, Organization $5,798.46 - Representing all corporate expenses of organization applicable to electric and steam heat operations and not subject to allocation.

Account 302, Franchises and Consents $432.43 - Representing the unamortized portion of the cost of securing a franchise in the City of Portland, Oregon, in which the company conducts both electric and steam heating operations.

Account 303, Miscellaneous Intangible Plant $109,583.55 - Representing developing costs as a corporation and applicable to both electric and steam heating operations.

The entire costs of the Lincoln and Pittock steam generating plants, established by primary accounts as follows:

Acct. No.	Account Title	Total	Lincoln Station	Pittock Station
310	Land and Land Rights	$ 181,768.51	$ 181,768.51	$
311	Structures and Improvements	868,387.08	840,092.01	28,295.07
312	Boiler Plant Equipment	1,269,838.27	1,036,850.50	232,987.77
314	Turbo-Generator Units	1,116,205.55	1,025,773.18	90,432.37
315	Accessory Electric Equipment	263,929.23	238,950.79	24,978.44
316	Misc. Power Plant Equipment	105,816.19	99,505.75	6,310.44
	Total	$3,805,944.83	$3,422,940.74	$383,004.09

Pittock steam plant was built primarily for the purpose of supplying steam directly to the steam heating system. All steam that leaves the boilers must normally pass through the turbines for decalorization before entering the steam heating mains. During the last ten years of operation an average of 13% of the heat in the steam leaving the boilers has been extracted for use in generating electrical energy and to supply the required auxiliary equipment. Pittock steam plant burns fuel oil efficiently for the generation of steam, but cannot burn hogged fuel.

Lincoln steam plant was built primarily for the purpose of producing electrical energy for use in the power pool. The steam that passes through the turbines goes into condensers and so is not available for use in the steam heating system, with the exception of one turbine which is equipped with a by-pass for bleeding steam into the steam heating line when desired. Steam taken from Lincoln plant for the steam heating system must be taken directly from the boilers and transmitted through a high pressure pipe line for a distance of about one mile, then passed through a decalorizing reducing valve, and into the steam heating mains. Lincoln steam plant burns largely hogged fuel, but is also equipped to burn fuel oil. When hogged fuel is available, as much steam as possible is supplied from Lincoln plant for the steam heating system, with Pittock supplying the steam which cannot be obtained from Lincoln. Conversely, in case of a shortage in hogged fuel, it is more economical to supply all the steam possible from Pittock plant by burning fuel oil and to supply the remainder of the steam from Lincoln. On the basis of pounds of steam produced, approximately 31% of the Lincoln plant steam output was utilized for steam heating purposes during the ten year period

1930-1939, inclusive, however the fluctuation between these years was very large.

It is possible, of course, to establish by physical inventory the items of equipment within each plant which can definitely be assigned to electric operations, steam heating operation, and those used jointly. However, such a process would separate a single generating plant into three distinct utility plant accounts and require undue refinement in the accounting for operating expenses. The examiners recommend that the entire costs of both generating stations, because of their common functions, be established in Account 108, Common Utility Plant.

Account 370-3, Land and Land Rights, Stores $71,339.11 - Represents land and land rights within the State of Oregon upon which are constructed buildings for the storage of materials and supplies used jointly in electric and steam heating operations.

Account 371-2 - Transportation Structures and Improvements - $5,227.61: Represents structures within the State of Oregon used to house transportation equipment and garage supplies for vehicles used jointly in electric and steam heating operations.

Account 371-3 - Stores Structures and Improvements - $166,549.95: Represents structures within the State of Oregon used to house materials and supplies used jointly in electric and steam heating operations.

Account 371-7 - Miscellaneous Structures and Improvements - $291.35: Represents a structure within the State of Oregon used jointly in electric and steam heating operations.

Account 372 - Office Furniture and Equipment - $128,595.04: Represents all office furniture and equipment within the State of Oregon used jointly in electric and steam heating operations.

Account 373 - Transportation Equipment - $73,921.93: Represents all transportation equipment within the State of Oregon used jointly in electric and steam heating operations.

Account 374 - Stores Equipment - $7,835.14: Represents all stores equipment within the State of Oregon used jointly in electric and steam heating operations.

Account 375 - Shop Equipment - $5,871.87: Represents all shop equipment within the State of Oregon used jointly in electric and steam heating operations.

Account 377 - Tools and Work Equipment - $40,527.83: Represents all tools and work equipment within the State of Oregon used jointly in electric and steam heating operations.

Account 379 - Miscellaneous Equipment - $4,967.14: Represents all Miscellaneous Equipment within the State of Oregon used jointly in electric and steam heating operations.

A summary of the facilities, by primary accounts, transferred to Account 108 Common Utility Plant, is as follows:

Account Number	Title of Account	Amount
	INTANGIBLE PLANT	
301.	Organization	$ 5,798.46
302	Franchises and Consents	432.43
303	Miscellaneous Intangible Plant	109,583.55
		$ 115,814.44
	PRODUCTION PLANT - STEAM	
310	Land and Land Rights	$ 181,768.51
311	Structures and Improvements	868,387.08
312	Boiler Plant Equipment	1,269,838.27
314	Turbo-Generator Units	1,116,205.55
315	Accessory Electric Equipment	263,929.28
316	Misc. Power Plant Equipment	105,816.19
		$3,805,944.83
	GENERAL PLANT	
370-3	Land and Land Rights-Stores	$ 71,389.11
371-2	Structures and Improvements-Transportation	5,227.61
371-3	Structures and Improvements-Stores	166,549.95
371-7	Structures and Improvements-Miscellaneous	291.35
372	Office Furniture and Equipment	128,595.04
373	Transportation Equipment	73,921.93
374	Stores Equipment	7,835.14
375	Shop Equipment	5,871.87
377	Tools and Work Equipment	40,527.83
379	Miscellaneous Equipment	4,967.14
		$ 505,126.97
	GRAND TOTAL	$4,426,886.24

FEES PAID TO AFFILIATES

On January 24, 1928, Northwestern Electric Company entered into a contract with Electric Bond & Share Company, retroactive to January 1, 1928, under the terms of which Electric Bond & Share Company agreed to render certain supervisory and general services and, when required, certain special services.

For supervisory and general services, Northwestern Electric Company agreed to pay a fee based upon its electric and steam heating revenues as follows:

2% of the first $1,000,000 of annual revenue.
1.9% of the next $2,000,000 of annual revenue.
1.8% of annual revenues in excess of $3,000,000.

The fee for supervisory and general services as specified above remained in effect only during the year 1928. In January 1929, a new contract was effected which provided for the payment of fees based upon electric and steam heating revenues as follows:

1.6% of the first $250,000 of revenue per month.
1.5% of the next $250,000 of revenue per month.
1.4% of the next $250,000 of revenue per month.

In addition, depending upon the nature of the special services, Northwestern Electric

Company agreed to pay a fee based upon the principal amount of funded obligations issued, par value of capital stock issued, or total cost of construction project.

The fees so paid to Electric Bond & Share Company by Northwestern Electric Company were prorated on its books to electric operating expenses, steam heating operating expenses and a construction overhead account, which latter account was subsequently allocated on a percentage basis to construction projects. In the year 1928, 75% of the total fees paid were charged to construction overhead account, thereafter the percentage so allocated fluctuated from 51% to 37%, predicated on a previous five year ratio of operating expenses and construction. After March 1933, no portion of the supervisory fee was capitalized.

Fees for special services were charged direct to construction overhead account or other operating expense accounts in accordance with the nature of the charge.

That portion of the fees capitalized through the medium of the construction overhead account was not directly allocated to primary accounts or construction projects. They became a part of the accumulated general construction overheads of the company, maintained in a clearing account, the entire amount of which was prorated to the construction projects of Northwestern Electric Company, its affiliates, Pacific Power & Light Company, Inland Power & Light Company, and its subsidiary, Ridgefield Light & Power Company on an arbitrary monthly percentage basis which varied periodically. A small amount cleared to jobbing accounts and stores expense.

It is not possible to trace the actual portion of such service fees capitalized in the utility plant accounts of Northwestern Electric Company, except in so far as such service fees represent a varying percentage of the total amount of construction overheads allocated to construction projects.

Following is a summary of general service fees and special services cleared through the construction overhead account, together with a percentage application for the purpose of determining an estimated amount capitalized in the utility plant accounts of Northwestern Electric Company.

	Amount Paid Under Contract	Allocated to Construction Overhead Account Percent	Allocated to Construction Overhead Account Amount	Percent of Construction Overhead Prorated to Northwestern Elec. Co. Plant	Estimated Fees and Special Services Charged to Northwestern Elec. Co. Utility Plant
Supervisory Fees					
1928	$ 67,048.28	75.00	$ 50,286.20	86.906	$ 43,701.72
1929	56,269.18	51.54	28,999.43	83.992	24,357.20
1930	55,944.06	48.00	26,853.15	77.042	20,688.20
1931	54,916.16	47.19	25,913.04	79.214	23,132.83
1932	53,628.26	39.30	21,075.91	89.271	18,814.68
1933 (3 mos.)	14,029.64	37.00	5,190.96	82.545	4,284.88
Total	$301,835.58	52.45	$158,318.69	82.374	$134,979.51
Special Services					
1927			$ 7.76	91.284	$ 7.08
1928			539.36	86.906	468.74
1929			2,289.45	83.992	1,922.97
1930			251.60	77.042	193.91
1931			1.38	79.214	1.09
1932			327.54	89.271	292.40
1933			165.00	82.545	136.20
1934			181.00	86.254	156.12
1935			455.14	77.442	352.47
1936			210.00	78.102	164.02
Total			$ 4,428.82		$ 3,695.00
Total Supervisory Fees and Special Services Capitalized					$138,674.51

In addition to the $138,674.51 of general service fees and special services capitalized under the contract with Electric Bond & Share Company, there is also included in Account 100.1, Electric Plant in Service, an amount of $8,685.35 representing a 5% fee paid to Phoenix Utility Company, a subsidiary of Electric Bond & Share Company, in connection with the construction of a 110 kv submarine cable crossing under the Columbia River.

Under company work order ER-5, Phoenix Utility Company supervised total construction in the amount of $173,707.04 to which this service fee of 5% was applied. The fee of $8,685.35 so paid was included in the cost of the project and capitalized direct.

A summary of fees paid to affiliated companies by Northwestern Electric Company and charged to utility plant accounts is as follows:

Electric Bond & Share Company:	
Supervisory Fees	$ 134,979.51
Special Services	3,695.00
	$ 138,674.51
Phoenix Utility Company	8,685.35
Total Affiliated Co Fees Capitalized	$ 147,359.86

In view of the fact that the profit included in the electric plant accounts through these fees can only be ascertained from extensive analysis of the books and records of the affiliated company, which analysis is beyond the scope of this examination, it has been concluded to recommend that the fees set forth be permitted tentatively to remain in electric plant accounts subject to such further consideration as may be deemed to be warranted at any time in the future.

ACCOUNT 100.4, ELECTRIC PLANT HELD FOR FUTURE USE

In its report, the company established in Account 100.4, Electric Plant Held for Future Use, an amount of $35,003.45, representing the cost of a parcel of land opposite the Albina substation. It was originally intended that this land should be the site of a garage structure, but construction has been deferred for reasons of management. The land is being used at the present time as open storage space for materials and supplies.

To this account, the examiners have also transferred from Account 352, Station Equipment, a further amount of $6,612.92 representing oil circuit breakers and other equipment installed in the Taylor Street substation which has not as yet been placed in service, resulting in an adjusted account balance of $41,616.37.

ACCOUNT 107, ELECTRIC PLANT ADJUSTMENTS $3,744,030.74

The company established in Account 107, Electric Plant Adjustments, a credit balance in the amount of $841,515.77, consisting of the following items:

Restatement of Interest during Construction	($ 34,959.79)
Restatement of Interest on Cash Balances	(31,443.45)
Restatement of Interest and Taxes on Construction material inventories	(238,220.52)
Restatement of prior years' Administrative and General Expenses	(780,922.75)
Selling expenses in connection with issues of Preferred Stock, transferred from Organization Account	243,953.47
Miscellaneous payroll charges, telephone and telegraph, offset by a minor credit, which were found to be improper charges to transmission lands	77.27
Total	($841,515.77)

As outlined under the examiners' adjustments, the restatement of interest during construction, interest on cash balances, interest and taxes on construction material inventories, and prior years' administrative and general expenses have been reversed.

In addition, the examiners have established in Account 107, Electric Plant Adjustments, a debit amount of $3,500,000 representing common stock classified as Organization by the company.

The adjusted amount of $3,744,030.74 established in Account 107, Electric Plant Adjustments, by the examiners, may be summarized as follows:

100,000 shares Common Capital Stock, par value $35 per share, transferred from Organization Account	$3,500,000.00
Selling expenses in connection with issues of Preferred Stock, transferred from Organization Account	243,953.47
Miscellaneous payroll charges, telephone and telegraph, offset by a minor credit, which were found to be improper charges to transmission lands	77.27
Total	$3,744,030.74

ACCOUNT 110, OTHER PHYSICAL PROPERTY

The company has established in Account 110, Other Physical Property, an amount of $253,506.57 representing the cost of certain lands on the Upper White Salmon and Klickatat Rivers in the State of Washington.

At December 31, 1939, approximately $155,000.00 of these lands had been sold and the losses incurred charged against Account 271, Earned Surplus.

ORIGINAL COST OF GENERATING PLANTS, TRANSMISSION LINES AND TRANSMISSION SUBSTATIONS

Northwestern Electric Company owns and operates three generating plants, the costs of which, after reflecting the proposed adjustments of the Commission staffs, are as follows:

HYDRAULIC PRODUCTION PLANT

Condit plant, used solely for the generation of electrical energy, is a hydraulic generating station located on the White Salmon River in the State of Washington.

Account Number	Title of Account	Amount
320	Land and Land Rights	$ 152,491.07
321	Structures and Improvements	243,573.03
322	Reservoirs, Dams and Waterways	1,278,934.92
323	Water Wheels, Turbines and Generators	99,280.06
324	Accessory Electric Equipment	106,051.64
325	Miscellaneous Power Plant Equipment	9,676.23
326	Roads, Railroads and Bridges	30,431.99
	Total Hydraulic Production	$ 1,920,438.94
	Kilowatt Capacity (Actual)	15,000
	Kilowatt Capacity (Rated)	9,600

STEAM PRODUCTION PLANTS

Lincoln Station and Pittock Station, both steam production plants, are operated jointly by the electric and steam heating departments, and as such, are included in Account 108, Common Utility Plant. Both stations are located in the City of Portland, Oregon.

Acct. No.	Title of Account	Total	Lincoln Station	Pittock Station
310	Land and Land Rights	$ 181,768.51	$ 181,768.51	$ -
311	Structures and Improvements	868,387.08	840,092.01	28,295.07
312	Boiler Plant Equipment	1,269,838.27	1,036,850.50	232,987.77
314	Turbo Generator Units	1,116,205.55	1,025,773.18	90,432.37
315	Accessory Electric Equipment	263,929.23	238,950.79	24,978.44
316	Misc. Power Plant Equipment	105,816.19	99,505.75	6,310.44
	Total Steam Production	$3,805,944.83	$3,422,940.74	$383,004.09
	Kilowatt Capacity	39,500	35,500	4,000

TRANSMISSION PLANT

A summary of the cost of all transmission lines and transmission substations, after reflecting proposed adjustments of the Commission staffs, is set forth below:

Acct. No.	Title of Account	Total Transmission Plant	Transmission Lines	Transmission Substations
340	Land and Land Rights	$ 159,710.99	$ 109,216.97	$ 50,494.02
341	Clearing Land and R/W	9,358.78	9,358.78	
342	Structures and Improvements	21,411.84	4,086.57	17,325.27
343	Station Equipment	457,160.11		457,160.11
344	Towers and Fixtures	77,169.90	77,169.90	
345	Poles and Fixtures	362,935.97	362,935.97	
346	Overhead Conductors and Devices	361,324.10	361,324.10	
348	Undergrd. Conductors and Devices	203,195.22	203,195.22	
	Total	$1,652,266.91	$1,127,287.51	$524,979.40

Transmission Lines and Transmission Substations, After Adjustment, Appear as Follows:

TRANSMISSION LINES

Account Number and Title	Total	Camas Substation To Vancouver Substation	Vancouver Substation To West Vancouver Substation	West Vancouver Substation To Albina Substation	Albina Substation To Lincoln Station	Condit Plant To Camas Substation	Camas Substation To Albina Substation	Albina Lincoln Line To Station "L"	Albina Substation To Knott Substation	West Vancouver To Oregon Shore Of Columbia River
Type of Line		Overhead	Overhead	Overhead	Overhead	Overhead	Overhead	Overhead	Overhead	Underground
Voltage		66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000
Length in Pole Miles		17.98	1.84	9.16	5.33	48.10	16.26	.33	(1) 1.10	-
Length in Circuit Miles		17.98	1.84	9.16	5.33	48.10	16.26	.33	1.10	1.01
Type of Construction		Sgl.Wood Pole	Sgl.Wood Pole	Sgl.& Dbl. Wood Pole	Sgl.Wood Pole & Steel Tower	Sgl.Wood Pole	Sgl.Wood Pole	Sgl.Wood Pole	Sgl.Wood Pole	(Submarine) Armored
Insulators		Pin Type	Pin Type	Suspension	Pin & Susp.	Pin Type	Pin Type	Pin Type	Pin Type	Oil Filled
Conductor and Size		Bare Copper No.2 & 4/0	A.C.S.R. 336.4 MCM	A.C.S.R. 795 MCM	A.C.S.R. 336.4 MCM	A.C.S.R. 266.8 MCM	A.C.S.R. (2) 266.8 MCM	Bare Copper No. 4/0	A.C.S.R. 336.4 MCM	Copper 750 MCM
340. Land and Land Rights	$ 109,216.97	$ 841.73	$ 1,400.00	$ 42,923.77	$ 9,140.96	$ 48,900.11	$ 6,010.40	$ -	$ -	$ -
341. Clearing Land and Rights-of-Way	9,358.78	-	-	6,082.82	-	239.41	3,036.55	-	-	-
342. Structures and Improvements	4,086.57	-	-	-	-	4,086.57	-	-	-	-
344. Towers and Fixtures	77,169.90	-	-	-	54,773.91	-	22,395.99	-	-	-
345. Poles and Fixtures	362,935.97	37,326.00	6,400.00	98,426.91	19,988.82	124,331.43	71,256.33	1,203.48	4,003.00	-
346. Overhead Conductors and Devices	361,324.10	54,614.46	7,650.00	68,600.00	32,300.11	128,500.00	61,371.21	2,188.32	6,100.00	-
348. Underground Conductors and Devices	203,195.22	-	-	-	-	-	-	-	-	203,195.22
Total	$1,127,287.51	$92,782.19	$15,450.00	$216,033.50	$116,203.80	$306,057.52	$164,070.48	$3,391.80	$10,103.00	$203,195.22

Note (1) Includes .63 miles on poles of other transmission lines.
(2) 3/4" steel cables used for river crossing.

TRANSMISSION SUBSTATIONS

Account Number and Title	Total	*Knott	*Station "L"	Camas	Vancouver	Condit	Albina	Lincoln
340. Land and Land Rights	$ 50,494.02	$ -	$ -	$ 3,006.59	$ -	$ -	$ 47,487.43	$ -
342. Structures and Improvements	17,325.27	-	-	1,359.07	15,966.20	-	-	-
343. Station Equipment	457,160.11	22,649.03	39,780.89	38,566.97	139,057.24	42,652.75	78,399.11	96,044.12
Total	$ 524,979.40	$22,649.03	$39,780.89	$42,932.63	$155,023.44	$42,652.75	$125,886.54	$96,044.12
High Voltage Equipment								
Transformers (Capacity in kva)		7,500	20,000	-	9,000	12,000	-	15,000
Oil Circuit Breakers		-	-	3	3	3	3	2
Disconnect Switches		-	-	9	14	23	10	5
Synchronous Condensers (kva capacity)		-	-	-	10,000	-	-	-
Current Transformers		-	-	2	4	2	3	8
Potential Transformers		-	-	-	6	2	7	2

*Note: Equipment only, located at Substations of Portland General Electric Company

DISPOSITION OF AMOUNTS IN ACCOUNT 107, ELECTRIC PLANT ADJUSTMENTS

The company, in its original cost study, has established in Account 107, Electric Plant Adjustments, a credit balance in the amount of $841,515.77. After giving effect to the examiners adjustments of the restatement of interest during construction, interest on cash balances, interest and taxes on construction material inventories, and prior years' administrative and general expense, and the transfer from Organization Account of $3,500,000 representing common capital stock capitalized, the balance in Account 107, Electric Plant Adjustments, has been adjusted to a debit balance of $3,744,030.74, consisting of the following items:

100,000 shares Common Capital Stock, par value $35 per share, transferred from Organization Account	$3,500,000.00
Selling expenses in connection with issues of Preferred Stock transferred from Organization Account	243,953.47
Miscellaneous payroll charges, telephone and telegraph, offset by a minor credit, which were found to be improper charges to transmission lands	77.27
Total	$3,744,030.74

It is the recommendation of the examiners that the amount of $3,500,000 be retained in Account 107, Electric Plant Adjustments, pending the submission to the Commission of a plan for its disposition.

The examiners further recommend that the amount of $243,953.47 representing expenses in connection with the sale of Preferred Stock be transferred to Account 151, Capital Stock Expense.

The remaining item of $77.27 representing miscellaneous payroll charges, telephone and telegraph, which were found by the company to be improperly charged to transmission lands, should be written off against Account 271, Earned Surplus.

DISPOSITION OF STEAM HEATING PLANT ADJUSTMENTS

In its report, the company has established in Steam Heating Plant Adjustments a credit balance in the amount of $65,385.95, consisting of the following items:

Restatement of Interest during Construction	($ 2,060.47)
Restatement of Interest on Cash Balances	(2,772.68)
Restatement of Interest and Taxes on Construction material inventories	(34,198.72)
Restatement of prior years' Administrative and General Expenses	(46,402.46)
Selling Expenses in connection with issues of Preferred Stock, transferred from Organization Account	19,409.88
Cost of printing 80 copies of Steam Heat franchise which has expired	638.50
Total	($65,385.95)

The Federal Power Commission does not claim jurisdiction over the Steam Heating business of the company. This utility operation is, however, under the jurisdiction of the Public Utilities Commissioner of the State of Oregon which adopted a system of accounts for Steam Heat Utilities effective January 1, 1938. It is the conformance to this Uniform System of Accounts which has necessitated the adjustments set forth in the body of this report applicable to the steam heating plant of the company.

The staff of the Public Utilities Commissioner of Oregon therefore recommends that the company dispose of the amounts established in Steam Heating Plant Adjustments by the reversal of the items of interest during construction, interest on cash balances, interest and taxes on construction material inventories, and prior years' administrative and general expenses; that the amount of $19,409.88 representing expenses in connection with the issue and sale of Preferred Stock be transferred to Account 151, Capital Stock Expense; and that the amount of $638.50 representing the cost of printing copies of steam heat franchises since expired be written off against Account 271, Earned Surplus.

BALANCE SHEET AS OF JANUARY 1, 1937

Schedule III presents a balance sheet of Northwestern Electric Company as of January 1, 1937, before reclassification, together with the company's reclassification adjustments, also the proposed adjustments of the Commission staffs and the balance sheet after reflecting such adjustments.

NORTHWESTERN ELECTRIC COMPANY
Balance Sheet - January 1, 1937

Schedule III

(Setting forth amounts as shown by the company's original cost study and reflecting proposed adjustments of the Commission Staffs)

ASSETS AND OTHER DEBITS	PER COMPANY'S ORIGINAL COST STUDY			PER COMMISSION STAFFS			
	Before Reclassification	Reclassification Adjustments	After Reclassification	Proposed Adjustments	After Adjustments	Proposed Disposition	After Disposition
UTILITY PLANT							
100. Electric Plant -							
100.1 Electric Plant in Service	$ -	$ 20,319,079.63	$ 20,319,079.63	$(9,019,045.67)	$11,300,033.96	$ -	$11,300,033.96
100.4 Electric Plant Held for Future Use	-	35,003.45	35,003.45	6,812.92	41,816.37	-	41,816.37
100.6 Electric Plant in Process of Reclassification	19,769,495.15	(19,769,495.15)	-	-	-	-	-
Total Electric Plant	$ 19,769,495.15	$ 584,587.93	$ 20,354,083.08	$(9,012,232.75)	$11,341,850.33	$ -	$11,341,850.33
107. Electric Plant Adjustments	$ - -	$(841,515.77)	$(841,515.77)	$ 4,585,546.51	$ 3,744,030.74	$(244,030.74)	$ 3,500,000.00
108. Other Utility Plant							
108.1 Common Utility Plant in Service	$ -	$ -	$ -	$ 4,426,886.24	$ 4,426,886.24	$ -	$ 4,426,886.24
108.11Common Utility Plant Adjustments	-	-	-	-	-	-	-
Total Common Utility Plant	$ -	$ -	$ -	$ 4,426,886.24	$ 4,426,886.24	$ -	$ 4,426,886.24
108.2 Steam Heating Plant in Service	$ 1,259,874.81	$ 68,826.02	$ 1,328,700.83	$(85,434.33)	$ 1,243,266.50	$ -	$ 1,243,266.50
108.21 Steam Heating Plant Adjustments	-	(65,385.95)	(65,385.95)	85,434.33	20,048.38	(20,048.38)	-
Total Steam Heating Plant	$ 1,259,874.81	$ 3,440.07	$ 1,263,314.88	$ -	$ 1,263,314.88	$(20,048.38)	$ 1,243,266.50
Total Other Utility Plant	$ 1,259,874.81	$ 3,440.07	$ 1,263,314.88	$ 4,426,886.24	$ 5,690,201.12	$(20,048.38)	$ 5,670,152.74
Total Utility Plant	$ 21,029,369.96	$(253,487.77)	$ 20,775,882.19	$ -	$20,775,882.19	$(264,079.12)	$20,511,803.07
INVESTMENT AND FUND ACCOUNTS							
110. Other Physical Property	$ -	$ 253,506.57	$ 253,506.57	$ -	$ 253,506.57	$ -	$ 253,506.57
111. Other Investments	10,343.15	-	10,343.15	-	10,343.15	-	10,343.15
121. Sinking Funds	2,713,904.54	-	2,713,904.54	-	2,713,904.54	-	2,713,904.54
	$ 2,724,247.69	$ 253,506.57	$ 2,977,754.26	$ -	$ 2,977,754.26	$ -	$ 2,977,754.26
CURRENT AND ACCRUED ASSETS							
130. Cash	$ 486,693.63	$ -	$ 486,693.63	$ -	$ 486,693.63	$ -	$ 486,693.63
131. Special Deposits	26,836.75	-	26,836.75	-	26,836.75	-	26,836.75
132. Working Funds	6,581.45	-	6,581.45	-	6,581.45	-	6,581.45
134. Notes Receivable	8,056.38	-	8,056.38	-	8,056.38	-	8,056.38
135. Accounts Receivable	406,306.84	-	406,306.84	-	406,306.84	-	406,306.84
136. Receivables from Associated Companies	29,220.33	9.75	29,230.08	-	29,230.08	-	29,230.08
139. Interest and Dividends Receivable	426.76	-	426.76	-	426.76	-	426.76
141. Rents Receivable	75.00	-	75.00	-	75.00	-	75.00
151. Materials and Supplies	204,235.03	-	204,235.03	-	204,235.03	-	204,235.03
162. Prepayments	26,079.53	-	26,079.53	-	26,079.53	-	26,079.53
173. Other Current and Accrued Assets	1,580.00	-	1,580.00	-	1,580.00	-	1,580.00
	$ 1,196,091.70	$ 9.75	$ 1,196,101.45	$ -	$ 1,196,101.45	$ -	$ 1,196,101.45
DEFERRED DEBITS							
181. Unamortized Debt Discount and Expense	$ 59,067.41	$ -	$ 59,067.41	$ -	$ 59,067.41	$ -	$ 59,067.41
182. Other Work in Progress	4,730.23	-	4,730.23	-	4,730.23	-	4,730.23
184. Other Deferred Debits	3,150.00	-	3,150.00	-	3,150.00	-	3,150.00
	$ 66,947.64	$ -	$ 66,947.64	$ -	$ 66,947.64	$ -	$ 66,947.64
CAPITAL STOCK DISCOUNT AND EXPENSE							
190. Discount on Capital Stock	$ -	$ -	$ -	$ -	$ -	$ -	$ -
191. Capital Stock Expense	-	-	-	-	-	263,363.35	263,363.35
REACQUIRED SECURITIES							
192. Reacquired Capital Stock	$ 32,600.00	$ -	$ 32,600.00	$ -	$ 32,600.00	$ -	$ 32,600.00
Total Assets and Other Debits	$ 25,049,256.99	$ 28.55	$ 25,049,285.54	$ -	$25,049,285.54	$(715.77)	$25,048,569.77
LIABILITIES AND OTHER CREDITS							
CAPITAL STOCK							
200. Common Capital Stock	$ 3,500,000.00	-	3,500,000.00	-	$ 3,500,000.00	-	$ 3,500,000.00
201. Preferred Capital Stock	4,816,500.00	-	4,816,500.00	-	4,816,500.00	-	4,816,500.00
	$ 8,316,500.00	-	$ 8,316,500.00	-	$ 8,316,500.00	-	$ 8,316,500.00
LONG TERM DEBT							
210. Bonds	$ 8,793,600.00	$ -	$ 8,793,600.00	$ -	$ 8,793,600.00	$ -	$ 8,793,600.00
212. Advances from Associated Companies	2,819,609.51	-	2,819,609.51	-	2,819,609.51	-	2,819,609.51
	$ 11,613,209.51	$ -	$ 11,613,209.51	$ -	$11,613,209.51	$ -	$11,613,209.51
CURRENT AND ACCRUED LIABILITIES							
221. Accounts Payable	$ 91,197.81	$ -	91,197.81	-	$ 91,197.81	$ -	91,197.81
223. Payables to Associated Companies	56,021.36	-	56,021.36	-	56,021.36	-	56,021.36
224. Matured Interest	26,517.00	-	26,517.00	-	26,517.00	-	26,517.00
227. Customers' Deposits	46,447.65	-	46,447.65	-	46,447.65	-	46,447.65
228. Taxes Accrued	565,102.08	-	565,102.08	-	565,102.08	-	565,102.08
229. Interest Accrued	87,936.00	-	87,936.00	-	87,936.00	-	87,936.00
230. Other Current and Accrued Liabilities	2,534.49	-	2,534.49	-	2,534.49	-	2,534.49
	$ 875,756.39	-	875,756.39	-	875,756.39	-	875,756.39
DEFERRED CREDITS							
242. Other Deferred Credits	74,313.45	-	74,313.45	-	$ 74,313.45	$ -	74,313.45
RESERVES							
250. Reserve for Depreciation of Electric Plant	$ -	$ -	-	-	-	-	-
252. Reserve for Depreciation of Other Property	-	-	-	-	-	-	-
Reserve for Property Retirements	2,196,440.54	28.55	2,196,469.09	-	2,196,469.09	-	2,196,469.09
254. Reserve for Uncollectible Accounts	39,741.87	-	39,741.87	-	39,741.87	-	39,741.87
255. Injuries and Damages Reserve	6,725.04	-	6,725.04	-	6,725.04	-	6,725.04
258. Other Reserves	27,051.32	-	27,051.32	-	27,051.32	-	27,051.32
	2,269,958.77	28.55	2,269,987.32	-	2,269,987.32	-	2,269,987.32
EQUITY							
271. Earned Surplus	$ 1,899,518.87	$ -	1,899,518.87	-	1,899,518.87	$(715.77)	1,898,803.10
Total Liabilities and Other Credits	$ 25,049,256.99	$ 28.55	$ 25,049,285.54	$ -	25,049,285.54	$(715.77)	25,048,569.77

The discussions and recommendations included in this report are based upon an examination made at the Northwestern Electric Company offices at Portland, Oregon, of books, records, contracts and other documents made available for inspection; of the files of the Public Utilities Commissioner of Oregon and the Department of Public Service of the State of Washington, and from the Examiners' and Engineer's interpretation of such facts.

J. W. Pentney, *Senior Accountant*
P. U. C. OF OREGON

J. J. O'Neil, *Chief Examiner of Accounts*
FEDERAL POWER COMMISSION

R. L. Bertolacci, *Engineer*
FEDERAL POWER COMMISSION

APPROVED:

J. L. Kennedy, *Chief Accountant*
P. U. C. OF OREGON

APPROVED:

Melwood W. Van Scoyoc, *Chief*
Division of Original Cost
FEDERAL POWER COMMISSION

April 26, 1940.

Chas. W. Smith, *Chief*
Bureau of Accounts, Finance and Rates
FEDERAL POWER COMMISSION

EXHIBIT 6

FEDERAL POWER COMMISSION

UNIFORM SYSTEM OF ACCOUNTS

PRESCRIBED FOR

PUBLIC UTILITIES AND LICENSEES

SUBJECT TO THE PROVISIONS OF

THE FEDERAL POWER ACT

REVISED TO DECEMBER 31, 1936

EFFECTIVE JANUARY 1, 1937

SUPERSEDES THE SYSTEM OF ACCOUNTS PRESCRIBED FOR LICENSEES UNDER THE FEDERAL WATER POWER ACT

FEDERAL POWER COMMISSION

UNIFORM SYSTEM OF ACCOUNTS

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UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1937

SALE BY THE SUPERINTENDENT OF DOCUMENTS, WASHINGTON, D. C. . . . . PRICE 40 CENTS

FEDERAL POWER COMMISSION

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FEDERAL POWER COMMISSION

WASHINGTON, D. C.

Order No. 42

(Adopted June 16, 1936)

PRESCRIBING A SYSTEM OF ACCOUNTS FOR PUBLIC UTILITIES AND LICENSEES UNDER THE FEDERAL POWER ACT

The Federal Power Commission acting pursuant to authority granted by the Federal Power Act, particularly sections 301 (a), 304 (a), and 309, and paragraph (13) of section 3, and section 4 (b) thereof, and finding such action necessary and appropriate for carrying out the provisions of said act, hereby adopts the accompanying system of accounts entitled "Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act", and the rules and regulations contained therein; and it is *hereby ordered:*

(1) That said system of accounts and said rules and regulations contained therein be and the same are hereby prescribed and promulgated as the system of accounts and rules and regulations of the Commission to be kept and observed by public utilities subject to the jurisdiction of the Commission and by licensees holding licenses issued by the Commission, to the extent and in the manner set forth therein;

(2) That said system of accounts and rules and regulations therein contained shall, as to all public utilities now subject to the jurisdiction of the Commission and as to all present licensees, become effective on January 1, 1937, and as to public utilities and licensees which may hereafter become subject to the jurisdiction of the Commission, they shall become effective as of the date when such public utility becomes subject to the jurisdiction of the Commission or on the effective date of the license;

(3) That a copy of said system of accounts and rules and regulations contained therein be forthwith served upon each public utility subject to the jurisdiction of the Commission, and each licensee or permittee holding a license or permit from the Commission.

This system of accounts supersedes the system of accounts prescribed for licensees under the Federal Water Power Act; and Order No. 13, entered November 20, 1922, prescribing said system of accounts, is rescinded effective January 1, 1937.

Adopted by the Commission on June 16, 1936.

LEON M. FUQUAY,
Acting Secretary.

AMENDMENTS MADE BY ORDER NO. 43

Order No. 43, adopted December 31, 1936, amended, in certain minor details, the Uniform System of Accounts prescribed by Order No. 42. The amendments are incorporated in this reprint of the Uniform System of Accounts.

Order No. 43 also adopted and added to said Uniform System of Accounts Appendix III entitled "Application of Uniform System of Accounts to Class C and Class D Public Utilities and Licensees". Appendix III will become effective January 1, 1938, and is being published separately.

Order No. 14, entered by the Commission on June 15, 1923, prescribing a condensed classification of accounts for the use of licensees who do not furnish a public service, was also amended by changing the words (*Class D Licensees*) to (*Class I Licensees*).

UNIFORM SYSTEM OF ACCOUNTS FOR PUBLIC UTILITIES AND LICENSEES

AUTHORITY UNDER WHICH ACCOUNTING RULES AND REGULATIONS ARE PRESCRIBED

This uniform system of accounts for public utilities and licensees is issued and prescribed under the following provisions of the Federal Power Act (49 Stat. 838):

SEC. 301. (a) Every licensee and public utility shall make, keep, and preserve for such periods, such accounts, records of cost-accounting procedures, correspondence, memoranda, papers, books, and other records as the Commission may by rules and regulations prescribe as necessary or appropriate for purposes of the administration of this act, including accounts, records, and memoranda of the generation, transmission, distribution, delivery, or sale of electric energy, the furnishing of services or facilities in connection therewith, and receipts and expenditures with respect to any of the foregoing: *Provided, however*, That nothing in this act shall relieve any public utility from keeping any accounts, memoranda, or records which such public utility may be required to keep by or under authority of the laws of any State. The Commission may prescribe a system of accounts to be kept by licensees and public utilities and may classify such licensees and public utilities and prescribe a system of accounts for each class. The Commission, after notice and opportunity for hearing, may determine by order the accounts in which particular outlays and receipts shall be entered, charged, or credited. The burden of proof to justify every accounting entry questioned by the Commission shall be on the person making, authorizing, or requiring such entry, and the Commission may suspend a charge or credit pending submission of satisfactory proof in support thereof.

SEC. 304. (a) Every licensee and every public utility shall file with the Commission such annual and other periodic or special reports as the Commission may by rules and regulations or order prescribe as necessary or appropriate to assist the Commission in the proper administration of this act. The Commission may prescribe the manner and form in which such reports shall be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and liabilities, capitalization, net investment, and reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilities, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution, delivery, use, and sale of electric energy. The Commission may require any such person to make adequate provision for currently determining such costs and other facts. Such reports shall be made under oath unless the Commission otherwise specifies.

SEC. 309. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate to carry out the provisions of this Act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this act; and may prescribe the form or forms of all statements, declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and the time within which they shall be filed. Unless a different date is specified therein, rules and regulations

of the Commission shall be effective 30 days after publication in the manner which the Commission shall prescribe. Orders of the Commission shall be effective on the date and in the manner which the Commission shall prescribe. For the purposes of its rules and regulations, the Commission may classify persons and matters within its jurisdiction and prescribe different requirements for different classes of persons or matters. All rules and regulations of the Commission shall be filed with its secretary and shall be kept open in convenient form for public inspection and examination during reasonable business hours.

SEC. 8. The words defined in this section shall have the following meanings for purposes of this act, to wit: * * *

(13) "Net investment" in a project means the actual legitimate original cost thereof as defined and interpreted in the "classification of investment in road and equipment of steam roads, issue of 1914, Interstate Commerce Commission", plus similar costs of additions thereto and betterments thereof, minus the sum of the following items properly allocated thereto, if and to the extent that such items have been accumulated during the period of the license from earnings in excess of a fair return on such investment: (*a*) Unappropriated surplus, (*b*) aggregate credit balances of current depreciation accounts, and (*c*) aggregate appropriations of surplus or income held in amortization, sinking fund, or similar reserves, or expended for additions or betterments or used for the purposes for which such reserves were created. The term "cost" shall include, insofar as applicable, the elements thereof prescribed in said classification, but shall not include expenditures from funds obtained through donations by States, municipalities, individuals, or others, and said classification of investment of the Interstate Commerce Commission shall insofar as applicable be published and promulgated as a part of the rules and regulations of the Commission; * * *

SEC. 4. The Commission is hereby authorized and empowered—* * *

(*b*) To determine the actual legitimate original cost of and the net investment in a licensed project, and to aid the Commission in such determinations, each licensee shall, upon oath, within a reasonable period of time to be fixed by the Commission, after the construction of the original project or any addition thereto or betterment thereof, file with the Commission in such detail as the Commission may require, a statement in duplicate showing the actual legitimate original cost of construction of such project, addition, or betterment, and of the price paid for water rights, rights-of-way, lands, or interest in lands. The licensee shall grant to the Commission or to its duly authorized agent or agents, at all reasonable times, free access to such project, addition, or betterment, and to all maps, profiles, contracts, reports of engineers, accounts, books, records, and all other papers and documents relating thereto. The statement of actual legitimate original cost of said project, and revisions thereof as determined by the Commission, shall be filed with the Secretary of the Treasury.

APPLICABILITY OF SYSTEM OF ACCOUNTS

This system of accounts is applicable in principle to all licensees subject to the Commission's accounting requirements under the Federal Power Act, and to all public utilities subject to the provisions of the Federal Power Act. The Commission reserves the right, however, under the provisions of section 301 (a) of the Federal Power Act, to classify such licensees and public utilities and to prescribe a system or classification of accounts to be kept by and which will be convenient for and meet the requirements of each class.

This system of accounts is applicable to public utilities, as herein defined, and to licensees engaged in the generation and sale of electric energy for ultimate distribution to the public. In Appendix I, there are shown the modifications and additions which are necessary to meet the conditions peculiar to Class A and Class B State and municipal licensees. In Appendix III, there is shown the condensed list of accounts to be kept by Class C and Class D public utilities and licensees, including State and municipal licensees.

This system of accounts shall also apply to agencies of the United States engaged in the generation and sale of electric energy for ultimate distribution to the public, so far as may be practicable, in accordance with applicable statutes.

In accordance with the requirements of section 3 of the act, the "classification of investment in road and equipment of steam roads, issue of 1914, Interstate Commerce Commission", is published and promulgated as a part of the accounting rules and regulations of the Commission, and a copy thereof is appended hereto as Appendix II. Irrespective of any rules and regulations contained in this system of accounts, the cost of original projects licensed under the act, and also the cost of additions thereto and betterments thereof, shall be determined under the rules and principles as defined and interpreted in said classification of the Interstate Commerce Commission so far as applicable.

DEFINITIONS

When used in this system of accounts:

1. "Accounts" means the accounts prescribed in this system of accounts.

2. "Actually issued", as applied to securities issued or assumed by the utility, means those which have been sold to *bona-fide* purchasers for a valuable consideration (including those issued in exchange for other securities or other property); also securities issued as dividends on stock, and those which have been issued in accordance with contractual requirements direct to trustees of sinking funds.

3. "Actually outstanding", as applied to securities issued or assumed by the utility, means those which have been actually issued and are neither retired nor held by or for the utility; provided, however, that securities held by trustees shall be considered as actually outstanding.

4. "Amortization" means the gradual extinguishment of an amount in an account by prorating such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

5. A. "Associated companies" means companies or persons that, directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the accounting company.

B. "Control" (including the terms "controlling", "controlled by", and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone; or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, associated companies, contract, or any other direct or indirect means.

6. "Book cost" means the amount at which property is recorded in these accounts without deduction of related reserves or other accounts. As applied to electric plant, "book cost" means the amount at which property is included in account 100.6 or in accounts 100.1 to 100.4.

7. "Buildings." (See Electric plant instruction 10.)

8. "Commission" means the Federal Power Commission.

9. "Construction cost, components of." (See Electric plant instruction 5.)

10. "Cost" means the amount of money actually paid for property or services or the cash value at the time of the transaction of any consideration other than money. (See, however, Electric plant instruction 3.)

11. "Cost of removal" means the cost of demolishing, dismantling, tearing down, or otherwise removing electric plant, including the cost of transportation and handling incidental thereto.

12. "Debt expense" means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

13. "Depreciation", as applied to depreciable electric plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of electric plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescense, changes in the art, changes in demand and requirements of public authorities.

14. "Discount", as applied to the securities issued or assumed by the utility, means the excess of the par (stated value of no par stocks) or face value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

15. "Distribution system." (See Electric plant instruction 16.)

16. "Equipment." (See Electric plant instruction 11.)

17. "Improvements." (See Electric plant instruction 10.)

18. "Investment advances" means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of capital stock or long-term obligations, or shall not be subject to current settlement.

19. "Land and land rights." (See Electric plant instruction 9.)

20. "Licensee" means any person, State, or municipality licensed under the provisions of the Federal Power Act and subject to the Commission's accounting requirements under the terms of the license.

21. "Minor items of property" means the associated parts or items of which units of property are composed.

22. "Municipality" means a city, county, irrigation district, drainage district, or other political subdivision or agency of a State competent under the laws thereof to carry on the business of developing, transmitting, utilizing, or distributing power.

23. "Net book cost", when applied to electric plant, means the book cost less related depreciation and amortization reserves. When applied to other property, it means book cost less related reserves for loss in value.

24. "Net original cost", as applied to electric plant, means the original cost less related depreciation and amortization reserves.

25. "Net salvage value" means the salvage value of property retired less the cost of removal.

26. "Nominally issued", as applied to securities issued or assumed by the utility, means those which have been signed, certified, or other-

wise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold or issued direct to trustees of sinking funds in accordance with contractual requirements.

27. "Nominally outstanding", as applied to securities issued or assumed by the utility, means those which, after being actually issued, have been reacquired by or for the utility under circumstances which require them to be considered as held alive and not retired, provided, however, that securities held by trustees shall be considered as actually outstanding.

28. "Nonproject property" means the electric plant of a licensee which is not a part of the project property subject to a license issued by the Commission.

29. "Original cost", as applied to electric plant, means the cost of such property to the person first devoting it to public service.

30. "Person" means an individual, a corporation, a partnership, an association, a joint stock company, a business trust, or any organized group of persons, whether incorporated or not, or any receiver or trustee.

31. "Premium", as applied to the securities issued or assumed by the utility, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no par stocks) or face value and interest or dividends accrued at the date of sale.

32. "Project" means complete unit of improvement or development, consisting of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or forebay reservoirs directly connected therewith, the primary line or lines transmitting power therefrom to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights of way, ditches, dams, reservoirs, lands, or interest in lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit.

33. "Project property" means the property described in and subject to a license issued by the Commission.

34. "Property retired", as applied to electric plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been withdrawn from electric service.

35. "Public utility" means any person who owns or operates facilities subject to the jurisdiction of the Commission under the Federal Power Act. (See section 201(e) of said act.)

36. "Replacing" or "replacement", when not otherwise indicated in the context, means the construction or installation of electric plant in place of property retired, together with the removal of the property retired.

37. "Salvage value" means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale; or, if retained, the amount at which the material recoverable is chargeable to Account 131, Materials and Supplies, or other appropriate account.

38. "Service value" means the difference between original cost and net salvage value of electric plant.

39. "State" means a State admitted to the Union, the District of Columbia, and any organized Territory of the United States.

40. "Structures." (See Electric plant instruction 10.)

41. "Transmission system." (See Electric plant instruction 16.)

42. "Units of property" means those items of electric plant which when retired, with or without replacement, are accounted for by crediting the book cost thereof to the electric plant account in which included.

43. "Utility", as used herein and when not otherwise indicated in the context, means any public utility or licensee to which this system of accounts is applicable.

INSTRUCTIONS—GENERAL

1. Classification of Utilities.

A. For the purpose of applying the system of accounts prescribed herein, public utilities and those licensees that are engaged in the generation and sale of electric energy for ultimate distribution to the public are divided into four classes as follows:

Class A. Utilities having either (1) annual electric operating revenues of $750,000 or more, or (2) the original cost of whose electric plant amounts to $4,000,000 or more. Such utilities shall keep all of the accounts applicable to their operations which are prescribed in the main body of this system of accounts.

Class B. Utilities having annual electric operating revenues of more than $250,000 but less than $750,000 and the original cost of whose electric plant amounts to less than $4,000,000. Such utilities shall keep all of the accounts applicable to their operations which are prescribed in the main body of this system of accounts, except those operating expense accounts in which the letter B does not appear in the prefix.

Class C. Utilities having annual electric operating revenues of more than $100,000 but not more than $250,000. Such utilities shall keep the accounts applicable to their operations which are prescribed in Appendix III.

Class D. Utilities having annual electric operating revenues of more than $25,000 but not more than $100,000. Such utilities shall keep the accounts applicable to their operations which are prescribed in Appendix III.

B. The class to which any utility belongs shall be determined by the average of its annual electric operating revenues for the last three consecutive years; provided, however, that if the original cost of electric plant amounts to $4,000,000 at the end of any year, such utility shall be classified as a class A utility for the succeeding year.

C. Any utility may at its option adopt the system of accounts prescribed herein for any larger class of utilities.

2. Records.

A. Each utility shall so keep its books of account, and all other books, records, and memoranda which support in any way the entries in such books of account, as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit a ready identification, analysis, and verification of all of the facts relevant thereto.

B. The books and records referred to herein include not only accounting records in a limited technical sense, but all other records such as minute books, stock books, reports, correspondence, memo-

randa, etc., which may be useful in developing the history of, or facts regarding, any transaction.

C. No utility shall destroy any books or records which support entries to its accounts unless the destruction thereof is permitted by rules and regulations of the Commission. Until rules and regulations have been issued by the Commission, each utility may continue its existing practice with respect to the retention or destruction of records. Each utility, however, shall file with the Commission within 60 days after the effective date of this system of accounts a statement of its existing practice with reference to the destruction or other disposition of records; the Commission reserves the right to require the utility to make any change in its practice which is deemed necessary for the preservation of adequate information.

D. Subdivisions of any account in the system of accounts prescribed herein may be kept, provided that such subdivisions do not impair the integrity of the prescribed accounts. The titles of all such subdivisions or subaccounts shall refer by number or title to the account or accounts of which they are subdivisions.

E. Clearing accounts, in addition to those prescribed, and temporary or experimental accounts may be kept, provided, such additional accounts do not impair the integrity of the prescribed accounts.

F. All charges to the accounts prescribed in this system for electric plant, income, operating revenues, and operating expenses shall be just and reasonable, and any payments by the utility in excess of just and reasonable charges shall be included in Account 538, Miscellaneous Income Deductions.

G. The numbers prefixed to account titles are to be considered as part of the titles. Each utility may, however, adopt a different system of account numbers provided that the numbers herein prescribed shall appear in the descriptive headings of the ledger accounts.

3. Accounting Period.

Each utility shall keep its books on a monthly basis, so that for each month all transactions applicable thereto, as nearly as may be ascertained, shall be entered in the books of the utility. Unless otherwise authorized by the Commission, each utility shall close its books at the end of each calendar year.

4. Submission of Questions.

To maintain uniformity of accounting, utilities shall submit questions of doubtful interpretation to the Commission for consideration and decision.

5. Items List, Interpretation of.

Lists of "items" appearing in the texts of the accounts or elsewhere herein are for the purpose of more clearly indicating the application of the prescribed accounting. The lists are intended to be representative, but not exhaustive. The appearance of an item in a list warrants the inclusion of the item in the account mentioned only when the text of the account also indicates inclusion, inasmuch as the same item frequently appears in more than one list. The proper entry in each instance must be determined by the texts of the accounts.

6. Delayed Items.

A. The term "delayed items" means items relating to transactions which occurred prior to the current calendar year but which were not recorded in the books of account in the prior year.

B. Delayed items shall be charged or credited to the same accounts which would have been charged or credited if the items had not been delayed; provided, that when the amount of a delayed item is relatively so large that its inclusion in the accounts for a single month would seriously distort the accounts, it may be distributed in equal amounts to the accounts for the current and remaining months of the calendar year; and provided further, that if the amount of any delayed item is relatively so large that its inclusion in the accounts for a single year would seriously distort the accounts, the utility shall distribute the amount to the appropriate surplus account.

7. Unaudited Items.

When, at the end of any year or at such other time as a financial statement may be required by the Commission, it is known that a transaction has occurred which affects the accounts, but the amount involved in the transaction and its effect upon the accounts cannot be determined with absolute accuracy, then the amount shall be estimated and such estimated amount included in the proper accounts. The utility is not required to anticipate minor items which would not appreciably affect the accounts.

8. Transactions With Associated Companies.

Each utility shall so keep its accounts and records as to be able to furnish accurately and expeditiously statements of all transactions with associated companies. The statements may be required to show the general nature of the transactions, the amounts involved therein and the amounts included in each account prescribed herein with respect to such transactions. Transactions with associated companies shall be recorded in the appropriate accounts for transactions of the same nature, provided, however, that charges by associated companies shall first be entered, if necessary, in Account 901, Charges by Associated Companies—Clearing. Nothing herein contained, however, shall be construed as restraining the utility from subdividing accounts for the purpose of recording separately transactions with associated companies.

9. Separate Accounts or Records for Each Licensed Project.

The accounts or records of each licensee shall be so kept as to show for each project under license:

(*a*) the actual legitimate investment in the project, including therein the actual legitimate cost (or fair value as determined under section 23 of the Federal Power Act) of the original project and of additions thereto and betterments thereof and credits for property retired from service as determined under the rules and regulations of the Commission applicable to the project;

(*b*) the charges for operation and maintenance of the project property directly assignable to the project;

(*c*) the credits and debits to the depreciation reserve account, and the balance in such account;

(*d*) the credits and debits to operating revenue, income, and surplus accounts that can be identified with and directly assigned to the project.

NOTE.—The purpose of this instruction is to insure that accounts or records are currently maintained by each licensee from which reports may be made to the Commission for use in determining the net investment in each licensed project. The instruction covers only the debit and credit items appearing in the licensee's accounts which may be identified with and assigned directly to any licensed project. In the determination of the net investment as defined in section 3 of the Federal Power Act, allocations of items affecting the net investment may be required where direct assignment is not practicable.

10. Depreciation Accounting.

Each utility shall record as at the end of each month the estimated amount of depreciation accrued during that month on depreciable electric plant. (See Account 503, Depreciation, and Account 250, Reserve for Depreciation of Electric Plant.)

NOTE A.—Depreciation expense applicable to property included in Account 100.2, Electric Plant Leased to Others, shall be charged to Account 508, Income from Electric Plant Leased to Others.

NOTE B.—Depreciation applicable to transportation equipment shall be charged to Account 903, Transportation Expenses—Clearing, and depreciation on general tools and work equipment used in construction work shall be charged to the work or job benefited. The utility may, at its option, distribute depreciation on the latter items through a clearing account and it may also, at its option, charge to clearing accounts, so far as applicable, depreciation on structures and equipment. (See, however, Electric plant instruction 5, item 5.)

11. Distribution of Pay and Expenses of Employees.

The charges to electric plant, operating expense, and other accounts for services and expenses of employees engaged in activities chargeable to various accounts, such as construction and operations, shall be based upon the actual time engaged in the respective classes of work or, in case that method is impracticable, upon the basis of a study of the time actually engaged during a representative period.

12. Records for Each Plant.

Separate records shall be maintained by electric plant accounts of the book cost of each plant owned or operated and of the cost of operating and maintaining each plant. The term "plant", as here used, means each generating station and each transmission line.

NOTE.—If a utility operates many transmission lines, it may, with the approval of the Commission, group certain of them for the purpose of complying with this instruction.

13. Accounting for Other Departments.

This system of accounts is designed for use by electric utilities and licensees. If the utility, in addition to its electric operations, operates other departments, it shall keep such accounts for the other departments as may be prescribed by proper authority, and in the absence of prescribed accounts, it shall keep such accounts as are proper or necessary to reflect the results of operating each such other department. It is not intended that proprietary and similar accounts which apply to the utility as a whole shall be departmentalized.

INSTRUCTIONS—BALANCE SHEET ACCOUNTS

1. Purpose of Balance Sheet Accounts.

The balance sheet accounts are intended to disclose the financial condition of the utility as of a given date by showing its assets and other debits, and liabilities, capital stock, surplus (or deficit), and other credits.

2. Current and Accrued Assets.

A. Current and accrued assets are cash, those assets which are readily convertible into cash or are held for current use in operations or construction, current claims against others, payment of which is reasonably assured, and amounts accruing to the utility which are subject to current settlement, except such items for which accounts other than those designated as Current and Accrued Assets are provided.

B. There shall not be included in the group of accounts designated as Current and Accrued Assets any item the amount or collectibility of which is not reasonably assured unless an adequate reserve has been provided therefor. Items of current character but of doubtful value may be written down and for record purposes carried in these accounts at nominal value.

3. Current and Accrued Liabilities.

A. Current and accrued liabilities are those obligations which have either matured at the date of the balance sheet or which become due within 1 year from the date thereof, except, however, bonds, receivers' certificates, and similar obligations which shall be classified as long-term debt until date of maturity; accrued taxes, such as income taxes, which shall be classified in the balance sheet as accrued liabilities even though payable more than 1 year from the balance sheet date; compensation awards, which shall be classified as current liabilities regardless of date due; and minor amounts payable in installments which may be classified as current liabilities.

B. If a liability is due more than 1 year from date of issuance or assumption by the utility, it shall be credited to a long-term debt account appropriate for the transaction, except, however, the current liabilities mentioned in (A) above; but, for the purpose of classification in the balance sheet, a debt, except bonds, receivers' certificates, and similar obligations, shall be classified as a current and accrued liability, if due within 1 year from the balance sheet date.

4. Book Cost of Securities Owned.

A. Securities of others acquired by the utility shall be recorded in these accounts at cost at the time of acquisition. Cost does not include any amount paid for accrued interest or dividends.

B. The utility may write down the book cost of any security in recognition of a decline in the value thereof. Securities shall be

written off or written down to a nominal value, if there be no reasonable prospect of substantial value. Fluctuations in market value shall not be recorded, but a permanent impairment in the value of the securities shall be recognized in the accounts. When securities are written off or written down, the amount of the adjustment shall be charged to Account 538, Miscellaneous Income Deductions, or to Account 414, Miscellaneous Debits to Surplus, or to an appropriate reserve account.

C. When securities with a fixed maturity date are purchased at a discount (that is, when the total cost, including brokerage fees, taxes, commissions, etc., is less than par), such discount may be amortized over the remaining life of the securities through periodic debits to the account in which the securities are carried (preferably coincident with entries recording interest accruals) and credits to the same account in which the interest revenue is credited. No debits shall be made in respect to discount upon securities held as investments or in special funds, if there is reason to believe that such securities will be disposed of by redemption or otherwise at less than par or will not be paid at date of maturity.

D. When securities with a fixed maturity date are purchased at a premium (that is, when the total cost, including brokerage fees, taxes, commissions, etc., is in excess of par), such premium may be amortized over the remaining life of the securities through periodic credits to the account in which the securities are carried (preferably coincident with entries recording interest accruals) and debits to the same account in which the interest revenue is recorded.

5. Discount, Expense, and Premium on Capital Stock.

A. This system of accounts provides separate accounts for discount, expense, and premium on capital stock. These accounts shall be subdivided for each class and series of capital stock issued by the utility. Expenses applicable to capital stock shall not be added to capital stock discount nor deducted from premium on capital stock.

B. In stating the balance sheet, discount and expense and premium shall not be set-off against each other.

C. General levies or assessments against stockholders shall be credited to the premium account for the particular class and series of capital stock so assessed.

D. Discount and expense on capital stock may be charged off to Account 414, Miscellaneous Debits to Surplus, in total or in installments, or the amount thereof may be retained in accounts 150 and 151 until the stock to which the discount and expense apply, is retired.

E. When capital stock which has been actually issued by the utility is reacquired or retired, the difference between the amount paid therefor upon reacquirement by the utility and the par value (amount at which included in Account 200, Common Capital Stock, or Account 201, Preferred Capital Stock, in the case of stock without par value) plus the premium or less the discount and expense originally entered in respect thereto and not charged off, shall be debited or credited, as the case may be, to Account 270, Capital Surplus; provided, however, that debits shall be charged to Account 414, Miscellaneous Debits to Surplus, if the amounts thereof exceed

the balance in Capital Surplus; and provided further, that in no event shall debits in excess of accumulated credits from the retirement of stock be charged to Capital Surplus.

6. Discount, Expense, and Premium on Long-Term Debt.

A. A discount, expense, and premium account shall be maintained for each class and series of long-term debt (including receivers' certificates) issued or assumed by the utility, in which shall be recorded the discount, expense, and premium associated with the issuance and sale of each such class and series of debt.

B. In stating the balance sheet, the total of the debit balances (discount plus expense, or expense less premium) remaining in these accounts having debit balances shall be reported under Account 140, Unamortized Debt Discount and Expense, and the total of the credit balances (premium less expense) remaining in those accounts having credit balances shall be reported under Account 240, Unamortized Premium on Debt. Accounts with debit balances shall not be set-off by accounts with credit balances.

C. The discount, expense, and premium referred to above shall be amortized over the life of the respective issues under such a plan as will equitably distribute the amounts over the life of the securities. The amortization shall be on a monthly basis, and the amounts thereof shall be charged to Account 531, Amortization of Debt Discount and Expense, or credited to Account 532, Amortization of Premium on Debt—Credit, as may be appropriate. The utility may, however, accelerate the charging off of discount and expense by charges to Account 414, Miscellaneous Debits to Surplus.

D. When any long-term debt is reacquired or redeemed without being converted into another form of long-term debt and when the transaction is not in connection with a refunding operation, the difference between the amount paid upon reacquirement and the par or face value plus the unamortized premium or less the unamortized discount and expense, as the case may be, applicable to the debt reacquired or redeemed, shall be debited to Account 414, Miscellaneous Debits to Surplus, or credited to Account 401, Miscellaneous Credits to Surplus, as appropriate.

E. When the redemption of one issue or series of bonds or other long-term obligations is financed by another issue or series before the date of maturity of the first issue, any unamortized discount, expense or premium on the first issue and any premium paid or discount earned on reacquirement shall be debited or credited, as appropriate, to Account 414, Miscellaneous Debits to Surplus, or Account 401, Miscellaneous Credits to Surplus, provided, however, that if the utility desires to amortize any of the discount, expense, or premium associated with the issuance or redemption of the first issue over a period subsequent to the date of redemption, the permission of the Commission must be obtained.

F. Discount, expense, or premium on debt shall not be included as part of the cost of constructing or acquiring any property tangible or intangible, except under the provisions of electric plant instruction 5.

7. Contingent Assets and Liabilities.

Contingent assets represent a possible source of value to the utility contingent upon the fulfillment of conditions regarded as uncertain

Contingent liabilities include items which may under certain conditions become obligations of the utility but which are neither direct nor assumed liabilities at the date of the balance sheet. The utility shall be prepared to give a complete statement of contingent assets and liabilities (including cumulative dividends on preference stock) in its annual report and at such other times as may be requested by the Commission.

8. Company Securities Owned.

Securities actually issued or assumed by the company which have been reacquired shall be either retired or carried in Account 152, Reacquired Capital Stock, or Account 153, Reacquired Long-Term Debt, unless it is required by provision of a mortgage, or by decision of a trustee not subject to control by the accounting company, that they be retained alive in sinking or other funds. When so retained they shall be considered as actually outstanding, but not otherwise.

9. Nominally Issued Securities.

A. Each utility shall maintain, in addition to the capital stock and bond accounts shown in the balance sheet, memorandum debit and credit accounts for securities which have been nominally, but not actually, issued.

B. When nonpar stock is nominally issued the number of shares issued shall be shown in the memorandum accounts.

C. Subdivisions shall be maintained under the memorandum accounts for each class of securities.

BALANCE SHEET ACCOUNTS

ASSETS AND OTHER DEBITS

Utility Plant

100. Electric Plant.
107. Electric Plant Adjustments.
108. Other Utility Plant.

Investment and Fund Accounts

110. Other Physical Property.
111. Investments in Associated Companies.
112. Other Investments.
113. Sinking Funds.
114. Miscellaneous Special Funds.

Current and Accrued Assets

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121. Special Deposits.
122. Working Funds.
123. Temporary Cash Investments.
124. Notes Receivable.
125. Accounts Receivable.
126. Receivables from Associated Companies.
127. Subscriptions to Capital Stock.
128. Interest and Dividends Receivable.
129. Rents Receivable.
130. Accrued Utility Revenues.
131. Materials and Supplies.
132. Prepayments.
133. Other Current and Accrued Assets.

Deferred Debits

140. Unamortized Debt Discount and Expense.
141. Extraordinary Property Losses.
142. Preliminary Survey and Investigation Charges.
143. Clearing Accounts.
144. Retirement Work in Progress.
145. Other Work in Progress.
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Capital Stock Discount and Expense

150. Discount on Capital Stock.
151. Capital Stock Expense.

Reacquired Securities

152. Reacquired Capital Stock.
153. Reacquired Long-Term Debt.

LIABILITIES AND OTHER CREDITS

Capital Stock

200. Common Capital Stock.
201. Preferred Capital Stock.
202. Stock Liability for Conversion.
203. Premiums and Assessments on Capital Stock.
204. Capital Stock Subscribed.
205. Installments Received on Capital Stock.

Long-Term Debt

210. Bonds.
211. Receivers' Certificates.
212. Advances from Associated Companies.
213. Miscellaneous Long-Term Debt.

Current and Accrued Liabilities

220. Notes Payable.
221. Notes Receivable Discounted.
222. Accounts Payable.
223. Payables to Associated Companies.
224. Dividends Declared.
225. Matured Long-Term Debt.
226. Matured Interest.
227. Customers' Deposits.
228. Taxes Accrued.
229. Interest Accrued.
230. Other Current and Accrued Liabilities.

Deferred Credits

240. Unamortized Premium on Debt.
241. Customers' Advances for Construction.
242. Other Deferred Credits.

Reserves

250. Reserve for Depreciation of Electric Plant.
251. Reserve for Amortization of Limited-Term Electric Investments.
252. Reserve for Amortization of Electric Plant Acquisition Adjustments.
253. Reserve for Depreciation and Amortization of Other Property.
254. Reserve for Uncollectible Accounts.
255. Insurance Reserve.
256. Injuries and Damages Reserve.
257. Employees' Provident Reserve.
258. Other Reserves.

Contributions in Aid of Construction

265. Contributions in Aid of Construction.

Surplus

270. Capital Surplus.
271. Earned Surplus.

BALANCE SHEET ACCOUNTS

ASSETS AND OTHER DEBITS

Utility Plant

100. Electric Plant.

There shall be reported by this caption the balances in accounts 100.1, 100.2, 100.3, 100.4, 100.5, and 100.6.

100.1 Electric Plant in Service.

A. This account shall include the original cost of electric plant included in accounts 301 to 390, together with the amounts recorded in accounts 391, 392, and 393, owned and used by the utility in its electric utility operations, including such property owned by the utility but held by nominees.

B. The cost of additions to and betterments of property leased from others shall be recorded in this account, but such cost shall be maintained in subdivisions entirely separate and distinct from those relating to owned property. (See electric plant instruction 7.)

100.2 Electric Plant Leased to Others.

A. This account shall include the original cost of electric plant owned by the utility, but leased to others as operating units or systems, where the lessee has exclusive possession.

B. The property included in this account shall be classified according to the detailed accounts (301 to 393) for electric plant in service (account 100.1), and this account shall be maintained in such detail as though the property were used by the utility in its electric operations.

100.3 Construction Work in Progress.

This account shall include the total of the balances of work orders for electric plant in process of construction but not ready for service at the date of the balance sheet.

NOTE.—If a project, such as a hydroelectric project, a steam station, or a transmission line, is designed to consist of two or more units or circuits which may be placed in service at different dates, any expenditures which are common to and which will be used in the operation of the project as a whole shall be included in electric plant in service upon the completion and the readiness for service of the first unit. Any expenditures which are identified exclusively with units of property not yet in service shall be included in this account.

100.4 Electric Plant Held for Future Use.

A. This account shall include the original cost of electric plant owned and held for use in electric service under a definite plan for such use. There shall be included herein property acquired but never used by the utility in electric service, but held for such service in the future under a definite plan, and property previously used by the utility in electric service, but retired from such service and

held pending its reuse in the future, under a definite plan, in electric service.

B. The property included in this account shall be classified according to the detailed accounts (301 to 393) for electric plant in service and the account shall be maintained in such manner and in such detail as though the property were in service.

NOTE.—Materials and supplies, and transformers and meters held in reserve shall not be included in this account.

100.5 Electric Plant Acquisition Adjustments.

A. This account shall include the difference between (a) the cost to the accounting utility of electric plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, and (b) the original cost, estimated if not known, of such property, less the amount or amounts which may be credited to the depreciation and amortization reserves of the accounting utility at the time of acquisition with respect to such property. The account shall be so subdivided when practicable as to show the amounts applicable to electric plant in service, electric plant leased to others, and electric plant held for future use. (See Electric plant instructions 2, 3, and 4.)

B. Whenever practicable, this account shall be subdivided according to the character of the amounts included herein for each property acquisition.

C. The amounts recorded in this account with respect to each property acquisition shall be depreciated, amortized, or otherwise disposed of, as the Commission may approve or direct.

100.6 Electric Plant in Process of Reclassification.

A. There shall be closed to this account the book cost of electric plant (formerly called "fixed capital" in many systems of accounts) as of the effective date hereof. The detail or primary accounts in support of this account employed prior to such date shall be continued pending reclassification into the electric plant accounts herein prescribed (301-393), but shall not be used for additions, betterments, or new construction.

B. No charges other than as provided in paragraph A above shall be made to this account, but retirements of electric plant owned as of the effective date hereof shall be credited hereto and to the supporting (old) fixed capital accounts until the reclassification shall have been accomplished.

107. Electric Plant Adjustments.

A. This account shall include the difference between the original cost, estimated if not known, and the book cost of electric plant, at the effective date of this system of accounts, to the extent that such difference is not properly includible in Account 100.5, Electric Plant Acquisition Adjustments. Write-ups of electric plant prior to the effective date of this system of accounts shall be recorded herein.

B. The amounts included in this account shall be classified in such manner as to show the nature of each amount included herein and shall be disposed of as the Commission may approve or direct.

NOTE.—The provisions of this account shall not be construed as approving or authorizing the recording of appreciation of electric plant.

108. Other Utility Plant.

There shall be included under this caption the balances in accounts for utility plant, other than electric plant, such as gas, railway, etc.

INVESTMENT AND FUND ACCOUNTS

110. Other Physical Property.

A. This account shall include the cost to the utility of land, structures, and equipment owned by the utility, but not used in utility service and not properly includible in Account 100.4, Electric Plant Held for Future Use, or in Account 108, Other Utility Plant.

B. The records supporting the entries to this account shall be so kept that the utility can furnish information as to the nature and cost of each kind of property, from whom it was acquired, its location, and its use.

111. Investments in Associated Companies.

There shall be reported by this caption the amounts included in accounts 111.1 and 111.2.

111.1 Investments in Securities of Associated Companies.

A. This account shall include the book cost of the utility's investment in securities issued or assumed by associated companies and held as permanent or long-term investments.

B. The account shall be maintained in such manner as to show each class of investment in each associated company.

NOTE.—Securities of associated companies owned and pledged shall be included in this account, but such securities if held in special deposits or in special funds shall be included in the appropriate deposit or fund account. A complete record of securities pledged shall be maintained.

111.2 Advances to Associated Companies.

A. This account shall include the amount of investment advances to associated companies and interest accrued on such advances when such interest is not subject to current settlement. (See Account 126, Receivables from Associated Companies.)

B. The account shall be maintained in such manner as to show the advances to each associated company.

NOTE A.—Balances in open accounts with associated companies which are subject to current settlement shall be excluded from this account and included in Account 126.2, Accounts Receivable from Associated Companies.

NOTE B.—Advances made to associated companies without expectation of reimbursement shall be charged to Account 536, Miscellaneous Income Deductions.

112. Other Investments.

A. This account shall include the book cost of the utility's investment in securities issued or assumed by nonassociated companies, investment advances to such companies, and any investments not accounted for elsewhere. Securities held as temporary cash investments shall not be included in this account.

B. The records shall be maintained in such manner as to show the amount of each investment and the investment advances to each person.

NOTE.—Securities owned and pledged shall be included in this account, but securities held in special deposits or in special funds shall be included in the appropriate deposit or fund account. A complete record of securities pledged shall be maintained.

113. Sinking Funds.

A. This account shall include the assets held in sinking funds.

B. A separate account, with appropriate title, shall be kept for each sinking fund.

NOTE.—Nothing herein contained shall be construed as preventing a utility from transferring applicable sinking or other funds to Account 121.3, Miscellaneous Special Deposits, for the purpose of paying matured sinking-fund obligations, or obligations called for redemption but not presented, or the interest thereon.

114. Miscellaneous Special Funds.

There shall be reported by this caption the amounts included in accounts 114.1, 114.2, and 114.3.

114.1 Depreciation Fund.

This account shall include the assets which have been segregated in a special fund for the purpose of identifying such assets with the reserve for depreciation.

114.2 Amortization Fund—Federal.

This account shall include the cash and investments of any fund maintained by a licensee pursuant to the requirements of a license, and the cash and investments segregated for the purpose of identifying the specific assets associated with Account 258.1, Amortization Reserve—Federal.

114.3 Miscellaneous Special Funds.

A. This account shall include assets which have been segregated in special funds for insurance, employees' pensions, savings, relief, hospital, and other purposes not provided for elsewhere.

B. A separate account, with appropriate title, shall be kept for each fund.

NOTE.—Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employees' benefits shall not be included in this account.

CURRENT AND ACCRUED ASSETS

120. Cash.

This account shall include the utility's current cash funds except working funds. (See Account 122, Working Funds.)

121. Special Deposits.

There shall be reported by this caption the amounts included in accounts 121.1, 121.2, and 121.3.

121.1 Interest Special Deposits.

Special deposits with fiscal agents or others for the payment of interest shall be charged to this account. When interest is paid from the deposits, the amount shall be credited to this account and charged to the appropriate accrued interest account.

121.2 Dividend Special Deposits.

Special deposits with fiscal agents and others for the payment of dividends on behalf of the utility shall be charged to this account. When dividends are paid from these deposits, the amount thereof shall be credited to this account and charged to the appropriate dividends payable account.

121.3 Miscellaneous Special Deposits.

Special deposits with fiscal agents or others for special purposes other than the payment of interest and dividends shall be charged to this account. Such special deposits may include cash deposited with Federal, State, or municipal authorities as a guaranty for the fulfillment of obligations; cash deposited with trustees to be held until mortgaged property sold, destroyed, or otherwise disposed of is replaced; and also cash realized from the sale of the accounting utility's securities and deposited with trustees to be held until invested in property of the utility, etc. When the purposes of such deposits are satisfied and the deposits are released, this account shall be credited with the amount released. Entries to this account shall specify the purpose for which the deposit is made.

NOTE A.—The foregoing special deposit accounts shall not include any assets available for general purposes.

NOTE B.—Deposits for more than 1 year not offset by current liabilities shall not be charged to this account but to Account 112, Other Investments.

122. Working Funds.

This account shall include cash advanced to officers, agents, employees, and others as petty cash or working funds.

123. Temporary Cash Investments.

A. This account shall include the book cost of investments, such as demand and time loans, bankers' acceptances, United States Treasury certificates, marketable securities, and other similar investments acquired for the purpose of temporarily investing cash.

B. This account shall be so maintained as to show:

Temporary Cash Investments—Associated Companies.
Temporary Cash Investments—Other.

NOTE.—If any of the temporary investments are pledged, proper record of such pledged investments shall be kept.

124. Notes Receivable.

This account shall include the book cost, not includible elsewhere, of all collectible obligations in the form of notes receivable and similar evidences (except interest coupons) of money due on demand or within 1 year from date of issue.

NOTE A.—This account shall not include notes receivable from associated companies. (See Account 126.1, Notes Receivable from Associated Companies.)

NOTE B.—The amount of notes receivable discounted, sold or transferred, unless transferred without recourse, shall not be credited to this account but to Account 221, Notes Receivable Discounted.

125. Accounts Receivable.

There shall be reported by this caption the balances in accounts 125.1 and 125.2.

125.1 Accounts Receivable—Customers.

A. This account shall include amounts due from customers for utility services, including merchandising, jobbing, and contract work. This account shall not include amounts due from associated companies.

B. This account shall be kept in such manner as to permit the ascertainment within a reasonable time of the amounts due for each

utility service, including merchandising, jobbing, and contract work as a separate service.

125.2 Other Accounts Receivable.

A. This account shall include amounts owing the utility upon accounts with concerns or individuals, other than associated companies, and customers for utility services and for merchandising, jobbing, and contract work.

B. This account shall be maintained in such manner as to show separately the amounts due from officers and employees, but the account shall not include amounts advanced to officers or others as working funds. (See Account 122, Working Funds.)

126. Receivables From Associated Companies.

A. This account shall include the debit balances subject to current settlement in open accounts with associated companies, and notes and drafts upon which associated companies are liable, and which mature and are expected to be paid in full not later than 1 year from date of issuance, together with interest thereon. Items which do not bear a specified due date but which have been carried for more than ninety days and items which are not paid within 90 days from due date shall be transferred to Account 111, Investments in Associated Companies.

B. This account shall be subdivided as follows:

126.1. Notes Receivable from Associated Companies.
126.2 Accounts Receivable from Associated Companies.

NOTE A.—On the balance sheet, accounts receivable from an associated company may be set off against accounts payable to the same company.

NOTE B.—The face amount of notes receivable discounted or sold without releasing the company from liability as endorser thereon, shall not be credited to this account, but to Account 221, Notes Receivable Discounted.

127. Subscriptions to Capital Stock.

A. This account shall include the balance due from subscribers upon legally enforceable subscriptions to capital stock of the utility.

B. The amount of each subscription shall be charged to this account at the time the subscription is accepted, and concurrently there shall be credited to Account 204, Capital Stock Subscribed, the par value in the case of stock having par value, and the stated value in the case of stock without par value, of the stock subscribed. The difference, if any, between the above amounts shall be debited or credited, as appropriate, to Account 150, Discount on Capital Stock, or Account 203, Premiums and Assessments on Capital Stock. If nonpar stock has no stated value the entire subscription price shall be credited to Account 204, Capital Stock Subscribed.

128. Interest and Dividends Receivable.

This account shall include the amount of interest on bonds, mortgages, notes, commercial paper, loans, open accounts, deposits, etc., and the amount of dividends receivable on stocks owned.

NOTE A.—Interest and dividends receivable from associated companies shall be included in account 126.2, Accounts Receivable from Associated Companies.

NOTE B.—Interest which is not subject to current settlement shall be included in the account in which is carried the principal on which the interest is accrued.

129. Rents Receivable.

This account shall include rents receivable or accrued on property rented or leased by the utility to others.

NOTE.—Rents receivable from associated companies shall be included in Account 126.2, Accounts Receivable from Associated Companies.

130. Accrued Utility Revenues.

This account may include the estimated amount accrued to the utility for service rendered, but not billed, as of the end of any accounting period. (The use of this account is optional.)

NOTE.—In case the utility accrues unbilled revenues, it shall likewise accrue unbilled expenses, such as for the purchase of electric energy.

131. Materials and Supplies.

There shall be reported under this caption the total of the amounts in accounts 131.1 and 131.2.

131.1 Materials and Supplies—Electric.

A. This account shall include the cost of unissued small tools and unapplied materials and supplies (including fuel) held primarily for use in the electric business. The cost shall include, when practicable, the purchase price at the point of free delivery, plus customs duties, excise and other taxes on purchases, insurance, costs of inspection, special tests prior to acceptance, loading and unloading, transportation, and other directly assignable charges.

B. Inward transportation charges for materials as far as practicable shall be included as a part of the cost of the particular material to which they relate. When not so included, they shall be charged to Account 902, Stores Expenses—Clearing.

C. Cash or other discounts on materials shall be deducted, when practicable, in determining the cost of the particular material, or credited to the account to which the material is charged. Discounts which are not so handled shall be credited to Account 902, Stores Expenses—Clearing.

D. Materials recovered in connection with construction, maintenance, or the retirement of property shall be charged to this account as follows:

(1) Reusable materials consisting of large individual items shall be included in this account at original cost, estimated if not known. The cost of repairing such items shall be charged to the account appropriate for the previous use. (See also Electric plant instruction 5, item 5.)

(2) Reusable materials consisting of relatively small items the identity of which (from the date of original installation to the final abandonment or sale thereof) cannot be ascertained without undue refinement in accounting shall be included in this account at current prices new for such items. The cost of repairing such items shall be charged to the appropriate expense account as indicated by previous use.

(3) Scrap and nonusable materials included in this account shall be carried at the estimated net amount realizable therefrom. The difference between the amounts realized for scrap and nonusable materials sold and the net amount at which the materials were carried in this account, as far as practicable, shall be adjusted to the accounts credited when the materials were charged to this account

E. Inventories of materials, supplies, fuel, etc., shall be taken at least annually and the necessary adjustments shall be made to bring this account into harmony with the actual inventories. In effecting the adjustments, large differences which can be assigned to important classes of materials shall be equitably adjusted among the accounts to which such classes of materials have been charged since the previous inventory. Other differences shall be equitably apportioned among the accounts to which materials have been charged, or included in Account 902, Stores Expenses—Clearing.

NOTE A.—Interest on material bills, the payment of which have been delayed shall be charged to Account 535, Other Interest Charges.

NOTE B.—There shall not be included in this account materials, supplies, and equipment held primarily for merchandising, jobbing, and contract work or for use in departments other than the electric department. (See Account 131.2.)

131.2 Materials and Supplies—Other.

This account shall include the cost of all materials and supplies held primarily for merchandising, jobbing, and contract work or for use in departments other than the electric department.

132. Prepayments.

This account shall include amounts representing prepayments of insurance, rents, taxes, interest, and miscellaneous items, and it shall be kept or supported in such manner as to disclose the amount of each class of prepayments.

133. Other Current and Accrued Assets.

A. This account shall include current and accrued assets of the general nature defined in accounts 120 to 132, inclusive, but not properly includible in any of those accounts.

B. The records supporting the entries to this account shall be so kept as to show the nature of each class of assets included herein.

DEFERRED DEBITS

140. Unamortized Debt Discount and Expense.

This caption shall include the total of the debit balances, of those accounts having debit balances, of the discount, expense, and premium accounts, for all classes of long-term debt. (See Balance sheet instruction 6.)

141. Extraordinary Property Losses.

A. This account shall include, when so authorized or directed by the Commission, losses in service value of property abandoned or otherwise retired from service which are not provided for by the depreciation or other reserves and which could not reasonably have been foreseen and provided for. It shall include also, when so authorized or directed by the Commission, extraordinary losses, such as unforeseen damages to property which could not reasonably have been anticipated and which are not covered by reserves or by insurance.

B. The entire loss in service value of depreciable property retired shall be charged to the depreciation reserve. If all, or a portion, of the loss in service value is to be included in this account, the depreciation reserve shall then be credited and this account charged with the amount properly chargeable hereto.

C. This account shall be so maintained that convenient itemization may be made of all amounts included herein.

D. Before making any entries in this account, the utility shall obtain the approval of the Commission. Application for permission to use the account shall be accompanied by a statement or statements giving a complete explanation of the nature and cause of the property loss together with a description of the property, its location, the original cost thereof, classified in accordance with the prescribed electric plant accounts, the cost to the utility, the amount of water-power value or other intangible value carried in the accounts with respect to such property, the amount at which the property is retired or to be retired, the amount, if any, chargeable to the depreciation or other reserves (showing cost thus chargeable, salvage and cost of removal), the amount it is proposed to include in this account, the period over which and the accounts to which it is proposed to write off the loss, and a copy of any statement or statements made or planned to be made to a trustee under a mortgage or other indenture with respect to the property.

142. Preliminary Survey and Investigation Charges.

A. This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of projects under contemplation. If construction results, this account shall be credited and the appropriate electric plant account charged. If the work is abandoned, the charge shall be to Account 538, Miscellaneous Income Deductions, or Account 414, Miscellaneous Debits to Surplus, unless otherwise authorized or directed by the Commission.

B. The records supporting the entries to this account shall be so kept that the utility can furnish complete information as to the nature and the purpose of the survey, plans or investigations, and the nature and respective amounts of the charges.

NOTE.—The amount of preliminary survey and investigation charges transferred to electric plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to electric plant.

143. Clearing Accounts.

This caption shall include undistributed balances in clearing accounts (see Accounts 901 to 905) at the date of the balance sheet. Balances in clearing accounts shall be substantially cleared not later than the end of the calendar year unless items held therein relate to a future period.

144. Retirement Work in Progress.

This account shall include the total of the balances of work orders for the retirement of electric plant. The amount credited to electric plant shall be charged to this account at the date the property is retired from electric service, and the cost of removal shall be charged to the account as incurred. Credits for salvage and insurance recovered shall be made to this account. Each work order shall be closed to Account 250, Reserve for Depreciation of Electric Plant, upon completion of the removal, in such a manner as to record separately in the reserve the original cost of plant retired, the cost of removal, and the salvage or insurance recovered.

145. Other Work in Progress.

This account shall include the total of the balances in open work or job orders for work in progress, other than that covered by Accounts 100.3, Construction Work in Progress; 108, Other Utility Property; and 144, Retirement Work in Progress.

146. Other Deferred Debits.

A. This account shall include all debits, not elsewhere provided for, the proper final disposition of which is uncertain, and unusual or extraordinary expenses, not included in other accounts, which are in process of amortization.

B. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to each deferred debit included herein.

CAPITAL STOCK DISCOUNT AND EXPENSE

150. Discount on Capital Stock.

A. There shall be reported by this caption all balances in the accounts for discount on capital stock.

B. The accounts hereunder shall be kept in such manner as to show separately the discount on each class and series of capital stock. (See Balance sheet instruction 5.)

C. The utility may amortize the balance carried in this account by charges to Account 414, Miscellaneous Debits to Surplus.

151. Capital Stock Expense.

A. This account shall include all expenses incurred in connection with the issuance and sale of capital stock which are not properly chargeable to electric plant account 301, Organization, and which have not been charged to Account 414, Miscellaneous Debits to Surplus.

B. When any issue of capital stock, or portion thereof, has been retired, there shall be credited to this account the balance herein in respect of such retired stock. (See Balance sheet instruction 5.)

C. The utility may amortize the balance carried in this account by charges to Account 414, Miscellaneous Debits to Surplus.

NOTE.—There shall not be included in this account expenses in connection with the reacquisition or resale of the utility's capital stock.

REACQUIRED SECURITIES

152. Reacquired Capital Stock.

A. This account shall include the par value of capital stock actually issued by the utility and reacquired by it and not retired or canceled, except, however, stock which is held by trustees in sinking or other funds. Stock without par value shall be included in this account at the proportionate amount at which the particular class and series of stock is included in Account 200, Common Capital Stock, or Account 201, Preferred Capital Stock.

B. The difference between the amount at which capital stock is included in this account and the amount paid by the utility for such stock, including commissions and expenses paid in connection with

the reacquisition, shall be debited or credited at the time of acquisition, to Account 270, Capital Surplus, provided, however, that debits shall be charged to Account 414, Miscellaneous Debits to Surplus, if the amounts thereof exceed the balance in Capital Surplus; and provided further, that in no event shall debits in excess of accumulated credits from the reacquirement and sale of reacquired capital stock be charged to Capital Surplus.

C. When reacquired capital stock is resold by the utility, the par value (or amount included in this account for stock without par value) of the stock resold shall be credited to this account and the difference between such amount and the amount received by the utility from the resale, less commissions and expenses incurred in the resale, shall be accounted for as outlined in paragraph B above.

D. This account shall be maintained or supported in such manner as to show the amount herein applicable to each class and series of stock.

153 Reacquired Long-Term Debt.

A. This account shall include the par or face value of bonds or other long-term debt actually issued or assumed by the utility and reacquired by it and held under conditions which do not permit the utility to treat such securities as paid, retired, or canceled, but which permit the resale of the securities. It shall not include securities which are held by trustees in sinking or other funds.

B. When the securities are reacquired, the difference between par or face value, adjusted for unamortized discount, expense, or premium, and the amount paid upon reacquisition, shall be debited or credited, as appropriate, to Accounts 414, Miscellaneous Debits to Surplus, or 401, Miscellaneous Credits to Surplus. (See Balance sheet instruction 6.)

C. This account shall be maintained or supported in such manner as to show the amount herein applicable to each class and series of long-term debt.

LIABILITIES AND OTHER CREDITS

CAPITAL STOCK

200. Common Capital Stock.
201. Preferred Capital Stock.

A. These accounts shall include the par value, the stated value of stock without par value if such stock has a stated value, and if not, the cash value of the consideration received for such nonpar stock, of each class of capital stock actually issued and actually outstanding, and also the capital stock in Account 152, Reacquired Capital Stock.

B. When the actual cash value of the consideration received is more or less than the par or stated value of any stock having a par or stated value, the difference shall be credited or debited, as the case may be, to the discount or premium account for the particular class and series.

C. When capital stock is retired and canceled, these accounts shall be charged with the amount at which such stock is carried herein.

D. A separate ledger account, with a descriptive title, shall be maintained for each class and series of stock. The supporting re-

ords shall show the shares nominally issued, actually issued, and nominally outstanding.

NOTE.—When a levy or assessment, except a call for payment on subscriptions, is made against holders of capital stock, the amount collected upon such levy or assessment shall be credited to Account 203, Premiums and Assessments on Capital Stock.

202. Stock Liability for Conversion.

A. This account shall include the par value, the stated value of stock without par value if such stock have a stated value, and if not, the cash value of the consideration for such nonpar stock, of capital stock which the utility has agreed to exchange for outstanding securities of other companies in connection with the acquisition of properties of such companies under terms which allow the holders of the securities of the other companies to surrender such securities and receive in return therefor capital stock of the accounting utility.

B. When the securities of the other companies have been surrendered, this account shall be charged and Account 200, Common Capital Stock, or Account 201, Preferred Capital Stock, as the case may be, shall be credited.

C. The records shall be so kept as to show separately the stocks of different classes and series for which liability may exist.

203. Premiums and Assessments on Capital Stock.

A. This account shall include the excess of actual cash value of the consideration received over the par or stated value and accrued dividends, of stock issued, together with assessments against stockholders representing payments required in excess of par or stated values.

B. A separate account shall be maintained for premiums and assessments on each class and series of stock.

C. When capital stock is retired and canceled, the amount in this account with respect to the shares of such stock retired and canceled shall be debited hereto. (See Balance sheet instruction 5.)

204. Capital Stock Subscribed.

A. This account shall include the amount of legally enforceable subscriptions to capital stock of the utility. It shall be credited with the par or stated value, or with the subscription price, in the case of stock without par or stated value, exclusive of accrued dividends, if any. Concurrently, a debit shall be made to Account 127, Subscriptions to Capital Stock, for the agreed price and any discount or premium shall be debited or credited to the appropriate discount or premium account. When properly executed stock certificates have been issued representing the shares subscribed, this account shall be debited and Account 200, Common Capital Stock, or Account 201, Preferred Capital Stock, shall be credited with the par or stated value of such stock.

B. The records shall be kept in such manner as to show the amount of subscriptions to each class and series of stock.

205. Installments Received on Capital Stock.

A. This account shall include the amount of installments received on capital stock on a partial or installment payment plan from sub-

scribers who are not bound by a legally enforceable subscription contract.

B. As subscriptions are paid in full and certificates issued, this account shall be charged and Account 200, Common Capital Stock, Account 201, Preferred Capital Stock, or Account 152, Reacquired Capital Stock, as appropriate, credited with the par or stated value of such stock. Any discount or premium on the original issues shall be included in the appropriate discount or premium account.

C. The records shall be kept in such manner as to show the amount of installments received on each class and series of stock.

LONG-TERM DEBT

210. Bonds.

A. This account shall include the face value of the actually issued and unmatured bonds, which have not been retired or canceled; also the face value of such bonds issued by others the payment of which has been assumed by the utility.

B. This account shall be so kept or supported as to show the face value of (1) nominally issued bonds, (2) nominally outstanding bonds, and (3) actually outstanding bonds of each class and series.

NOTE A.—For instructions relative to accounting for discount, expense, and premium on long-term debt, see balance sheet instruction 6.

NOTE B.—Matured long-term debt shall be included in Account 225, Matured Long-Term Debt.

211. Receivers' Certificates.

A. This account shall include the face value of certificates of indebtedness issued by receivers in possession of the property and acting under the orders of a court.

B. Separate subdivisions shall be maintained for each issue of receivers' certificates.

212. Advances From Associated Companies.

A. This account shall include the face value of notes owed to associated companies and the amount of open book accounts representing advances from associated companies.

B. This account shall be subdivided as follows:

212.1 Advances on Notes.
212.2 Advances on Open Accounts.

NOTE A.—The records supporting the entries to this account shall be so kept that the utility can furnish complete information concerning each note and open account.

NOTE B.—Notes and open accounts representing indebtedness subject to current settlement shall be included in Account 223, Payables to Associated Companies.

213. Miscellaneous Long-Term Debt.

A. This account shall include until maturity, all long-term debt not otherwise provided for. This covers such items as real estate mortgages, executed or assumed, assessments for public improvements, notes and unsecured certificates of indebtedness not owned by associated companies, receipts outstanding for long-term debt and other obligations maturing more than one year from date of issue or assumption. (See Balance sheet instruction 3.)

B. Separate accounts shall be maintained for each class of obligation, and records shall be maintained to show separately for each class all details as to date of obligation, date of maturity, interest dates and rates, security for the obligation, etc.

CURRENT AND ACCRUED LIABILITIES

220. Notes Payable.

This account shall include the face value of all notes, drafts, acceptances, or other similar evidences of indebtedness payable on demand or which by their terms are payable within a time not exceeding one year from the date of issue to other than associated companies. (See Balance sheet instruction 3.).

221. Notes Receivable Discounted.

This account shall include the face value of notes receivable discounted or sold without releasing the utility from liability as endorser thereon.

222. Accounts Payable.

This account shall include all amounts payable by the utility within 1 year, and which are not provided for in other accounts.

223. Payables to Associated Companies.

This account shall include amounts owed to associated companies on notes, drafts, acceptances, or other similar evidences of indebtedness and open accounts payable on demand or not more than one year from date of issue or creation. This account shall be subdivided as follows:

223.1 Notes Payable to Associated Companies.
223.2 Accounts Payable to Associated Companies.

NOTE.—Exclude from this account notes and accounts which are includible in Account 212, Advances from Associated Companies.

224. Dividends Declared.

This account shall include the amount of dividends which have been declared but not paid. Dividends shall be credited to this account when they become a liability.

225. Matured Long-Term Debt.

This account shall include the amount of long-term debt (including any obligation for premiums) matured and unpaid, without specific agreement for extension of the time of payment; it shall also include bonds called for redemption but not presented.

226. Matured Interest.

This account shall include the amount of matured interest on long-term debt or other obligations of the utility at the date of the balance sheet, unless such interest is added to the principal of the debt on which incurred.

227. Customers' Deposits.

This account shall include all amounts deposited with the utility by customers as security for the payment of bills.

228. Taxes Accrued.

A. This account shall be credited during each accounting period with the amount of taxes accrued during the period, corresponding debits being made to the appropriate accounts for tax charges. Such credits may be based upon estimates, but from time to time during the year as the facts become known, the amount of the periodic credits shall be adjusted so as to include as nearly as can be determined, in each year the taxes applicable thereto. Any amount representing a prepayment of taxes applicable to the period subsequent to the date of the balance sheet shall be shown under Account 132, Prepayments.

B. The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount, by classes, of taxes accrued, the basis for each tax accrual and the accounts to which charged, and the amount, by classes, of taxes paid.

229. Interest Accrued.

There shall be reported by this caption the balances included in accounts 229.1 and 229.2.

229.1 Interest Accrued on Long-term Debt.

This account shall include the amount of interest accrued on the long-term debt of the utility, except interest on advances from associated companies. This account shall not include any interest which is added to the principal of the debt on which incurred.

229.2 Interest Accrued on Other Liabilities.

This account shall include the amount of interest accrued on liabilities of the utility other than long-term liabilities. This account shall not include any interest which is added to the principal of the debt on which incurred.

230. Other Current and Accrued Liabilities.

This account shall include the current and accrued liabilities not provided for elsewhere.

DEFERRED CREDITS

240. Unamortized Premium on Debt.

This caption shall include the total of the credit balances of the discount, expense, and premium accounts, for all classes of long term debt, including receivers' certificates. (See Balance sheet instruction 6.)

241. Customers' Advances for Construction.

This account shall include such advances by customers for construction as are to be refunded either wholly or in part. When a customer is refunded the entire amount to which he is entitled, according to the agreement or rule under which the advance was made, the balance, if any, remaining in the account shall be transferred to Account 265, Contributions in Aid of Construction.

242. Other Deferred Credits.

This account shall include advanced billings and receipts and other deferred credit items, not provided for elsewhere; also amounts which cannot be entirely cleared or disposed of until additional information has been received or which should be credited to income or to surplus accounts in the future.

RESERVES

250. Reserve for Depreciation of Electric Plant.

A. This account shall be credited with the following:

(1) Amounts charged to Account 503, Depreciation, to Account 508, Income from Electric Plant Leased to Others, to clearing accounts or to income or other accounts for currently accruing depreciation.

(2) Amounts charged to Account 414, Miscellaneous Debits to Surplus, for past accrued depreciation.

(3) Amounts of depreciation applicable to electric properties acquired as operating units or systems. (See Electric plant instruction 4.)

(4) Amounts chargeable upon approval of the Commission to Account 141, Extraordinary Property Losses.

(5) Amounts of depreciation applicable to electric plant donated to the utility.

B. At the time of retirement of depreciable electric plant in service, this account shall be charged with the book cost of the property retired and the cost of removal, and shall be credited with the salvage value and any other amounts recovered, such as insurance.

C. For balance sheet purposes, this account shall be regarded and treated as a single composite reserve. For purposes of analysis, however, each utility shall maintain records in which the depreciation reserve shall be segregated according to the following functional classification of electric plant: (1) Steam production, (2) hydro-production, (3) internal-combustion-engine production, (4) transmission, (5) distribution, and (6) general. The credits and debits to the reserve shall be so made as to show separately (1) the amount of the accrual for depreciation, (2) the book cost of property retired, (3) cost of removal, (4) salvage, and (5) other items, including recoveries from insurance.

D. When transfers of property are made from one utility plant account to another or from or to nonutility property, the accounting shall be as provided in electric plant instruction 14.

E. This account shall be subdivided as follows:

250.1 Reserve for Depreciation of Electric Plant in Service.
250.2 Reserve for Depreciation of Electric Plant Leased to Others.
250.3 Reserve for Depreciation of Electric Plant Held for Future Use.

251. Reserve for Amortization of Limited-Term Electric Investments.

A. This account shall be concurrently credited with amounts charged to Account 504, Amortization of Limited-Term Electric Investments, or, when appropriate, amounts charged to Account 508, Income from Electric Plant Leased to Others.

B. This account shall also be credited with such amounts as are necessary to reflect, as of the effective date of this system of accounts, the expired portion of the life of franchises, licenses patent rights, and limited-term interests in land and land rights, or other intangible electric property which has a terminable life, the cost of which is included in electric plant. To the extent that provision has not pre-

viously been made for amortization of limited-term electric investments, amounts credited to this reserve shall be concurrently debited to Account 414, Miscellaneous Debits to Surplus.

C. When any franchise, license, patent right, limited-term interest in land or land right expires, is sold, relinquished, or otherwise retired from service, this account shall be charged with the amount previously credited in respect to such property. The book cost of the property so retired less the amount chargeable to this account and less the proceeds realized at retirement shall be included in the appropriate surplus account.

D. Records shall be maintained so as to show separately the balance applicable to each item of intangible property which is being amortized.

E. This account shall be subdivided as follows:

251.1 Reserve for Amortization of Limited-Term Electric Investments—Electric Plant in Service.
251.2 Reserve for Amortization of Limited-Term Electric Investments—Electric Plant Leased to Others.
251.3 Reserve for Amortization of Limited-Term Electric Investments—Electric Plant Held for Future Use.

252. Reserve for Amortization of Electric Plant Acquisition Adjustments.

This account shall be credited or debited with amounts which the Commission may approve or direct the utility to charge or credit to Account 505, Amortization of Electric Plant Acquisition Adjustments, to Account 537, Miscellaneous Amortization, or to Surplus, for the purpose of providing for the extinguishment of amounts in Account 100.5, Electric Plant Acquisition Adjustments.

253. Reserve for Depreciation and Amortization of Other Property.

This account shall include the depreciation and amortization reserves applicable to property other than the electric plant of the utility.

254. Reserve for Uncollectible Accounts.

A. This account shall be credited each month with amounts reserved for losses on accounts receivable which may become uncollectible, and also with collections on accounts previously charged hereto. Concurrent charges shall be made to Account 783, Uncollectible Accounts, for amounts applicable to electric operations, and to corresponding accounts for other operations.

B. This account shall be subdivided as follows:

254.1 Utility Customers.
254.2 Merchandising, Jobbing, and Contract Work.
254.3 Associated Companies.
254.4 Officers and Employees.
254.5 Other.

NOTE.—Accretions to this reserve shall not be made in excess of a reasonable provision against losses of the character provided for.

255. Insurance Reserve.

A. This account shall include amounts reserved by the utility for self-insurance against losses through accident, fire, flood, or other hazards to its own property or property leased from others. The

amounts charged to account 798, Insurance, or other appropriate accounts to cover such risks shall be credited to this account. A schedule of risks covered by this reserve shall be maintained, giving a description of the property involved, the character of the risks covered and the rates used.

B. Charges shall be made to this account for losses covered by self-insurance.

NOTE.—Accretions to this reserve shall not be made in excess of a reasonable provision against losses of the character provided for.

256. Injuries and Damages Reserve.

A. This account shall be credited with amounts charged to Account 799, Injuries and Damages, or other appropriate accounts, to meet the probable liability, not covered by insurance, for deaths or injuries to employees and others, and for damages to property not owned or held under lease by the utility.

B. When liability for any injury or damage is admitted by the utility, either voluntarily or because of the decision of a court or other lawful authority, such as a workmen's compensation board, the admitted liability shall be charged to this account and credited to the appropriate liability account.

NOTE A.—Recoveries or reimbursements for losses charged to this account shall be credited hereto; the cost of repairs to property of others, if provided for herein, shall be charged to this account.

NOTE B.—Accretions to this reserve shall not be made in excess of a reasonable provision against losses of the character provided for.

257. Employees' Provident Reserve.

A. This account shall include provision which has been made by operating expense charges, or by specific appropriations of income or surplus, and by amounts contributed by employees (whether carried in special funds or in the general funds of the utility) for pensions, accident and death benefits, savings, relief, hospital, and other provident purposes.

B. This account shall include also the amount accrued for pensions through charges to Account 800, Employees' Welfare Expenses and Pensions. Amounts so credited shall, when actually paid to retired employees or paid into a trust fund irrevocably devoted to the payment of pensions, be charged hereto.

C. Separate accounts shall be kept for each kind of reserve included herein.

258. Other Reserves.

There shall be reported by this caption the balances in accounts 258.1 and 258.2.

258.1 Amortization Reserve—Federal.

A. This account shall be credited with such amounts as are appropriated or set aside by a licensee from surplus earnings for amortization purposes in accordance with the requirements of a license; also the interest derived from the "Amortization Fund—Federal", or income from investments belonging to such fund.

B. This account shall be debited with only such items or amounts as the Commission may require or approve. (See Account 114.2, Amortization Fund—Federal.)

258.2 Miscellaneous Reserves.

A. This account shall include all reserves maintained by the utility and which are not provided for elsewhere in this system of accounts.

B. This account shall be maintained in such manner as to show the amount of each separate reserve and the nature and amounts of the debits and credits thereto.

CONTRIBUTIONS IN AID OF CONSTRUCTION

265. Contributions in Aid of Construction.

A. This account shall include donations or contributions in cash, services or property from States, municipalities or other governmental agencies, individuals, and others for construction purposes.

B. The credits to this account shall not be transferred to surplus account or to any other account without the approval of the Commission.

C. The records supporting the entries to this account shall be so kept that the utility can furnish information as to the purpose of each donation, the conditions, if any, upon which it was made, and the amount of donations from (*a*) States, (*b*) municipalities, (*c*) customers, and (*d*) others.

D. This account shall be subdivided according to departments (electric, gas, etc.) of the utility.

NOTE A.—There shall not be included in this account advances for construction which are ultimately to be repaid wholly or in part. Such advances shall be credited to Account 241, Customers' Advances for Construction.

NOTE B.—Donations to licensees for project purposes by States, municipalities, individuals, or others, where there is no agreement for refund, shall be credited to a subdivision of this account. When all or any part of a donation is expended for the purposes for which it was donated, or donated property, other than cash, is assigned to a permanent account, the appropriate plant account or accounts shall be debited and this account cleared of such items, credit being made concurrently to Account 393, Donations in Aid of Construction—Credit. (See sec. 3, subsec. 13, of the Federal Power Act.)

SURPLUS

270. Capital Surplus.

A. This account shall include all surplus not classified herein as earned surplus. It shall include credits from sales by the utility of its reacquired capital stock, surplus arising from the retirement and cancelation of the utility's capital stock, from donations by stockholders of the utility's capital stock, from a reduction of the par or stated value of the utility's capital stock, from the forgiveness of debt of the utility, also surplus recorded at a reorganization or in connection with a recapitalization.

B. This account shall be maintained in such manner as to permit a ready analysis of the charges and credits hereto.

271. Earned Surplus.

This account shall include the balance, either debit or credit, of unappropriated surplus arising from earnings. It shall not include surplus includible in Account 270, Capital Surplus.

INSTRUCTIONS—ELECTRIC PLANT ACCOUNTS

1. Purpose of Electric Plant Accounts.

A. The summary electric plant accounts are as follows:

100. Electric Plant.
- 100.1 Electric Plant in Service.
- 100.2 Electric Plant Leased to Others.
- 100.3 Construction Work in Progress.
- 100.4 Electric Plant Held for Future Use.
- 100.5 Electric Plant Acquisition Adjustments.
- 100.6 Electric Plant in Process of Reclassification.

107. Electric Plant Adjustments.

B. Account 100 is a caption by which shall be reported the amounts in accounts 100.1 to 100.6, inclusive.

C. Accounts 100.1 to 100.4, inclusive, are designed to show the original cost of electric plant acquired as operating units or systems by purchase, merger, consolidation, liquidation, or otherwise, and the cost to the utility of all other electric plant recorded in these accounts.

D. Account 100.5 is designed to show the difference between the cost to the utility of electric plant acquired as operating units or systems by purchase, merger, consolidation, liquidation, or otherwise, and the original cost of the plant, due consideration being given to any depreciation or amortization recorded by the accounting utility at the date of acquisition.

E. Account 100.6 is designed to be used as a control account for electric plant at the effective date of this system of accounts pending the distribution thereof in accordance with the accounts prescribed herein.

F. Account 107 is designed to show the amount by which the book cost of electric plant at the effective date of this system of accounts differs from the cost of the plant to the utility when the difference is not properly includible in other accounts. It shall include all write-ups in the books as of the effective date of this system of accounts.

NOTE.—See balance sheet accounts 100 and 107.

2. Classification of Electric Plant at Effective Date of System of Accounts.

A. Each utility shall classify its electric plant as of the effective date of this system of accounts in accordance with the electric plant accounts prescribed herein. The classification shall be so made as to show both the original cost and the cost to the utility of its electric plant.

B. The cost to the utility of its electric plant shall be ascertained by analysis of the utility's records. In ascertaining the cost it is not intended that any correction need be made for depreciation or

amortization applicable to operating units or systems previously acquired, whether or not such depreciation or amortization was recorded in the books of the accounting utility. It is likewise not intended that adjustments shall be made to record in electric plant accounts amounts previously charged to operating expenses in accordance with the uniform system of accounts in effect at the time or in accordance with the discretion of management as exercised under such uniform system of accounts.

C. The detailed electric plant accounts (301 to 390, inclusive) shall be stated on the basis of cost to the utility of plant constructed by it and the original cost, estimated if not known, of plant acquired as an operating unit or system. The difference between the original cost as above and the cost to the utility of plant includible in accounts 100.1 to 100.4, inclusive, after giving effect to any depreciation or amortization recorded by the accounting utility at the time of acquisition, shall be recorded in Account 100.5, Electric Plant Acquisition Adjustments. The original cost of electric plant may be determined by analysis of the utility's records or those of predecessor or vendor companies with respect to electric plant previously acquired as operating units or systems and the difference between the original cost so determined and the cost to the utility, with adjustments for retirements from date of acquisition to the effective date of this system of accounts, shall be entered in Account 100.5, Electric Plant Acquisition Adjustments. When practicable, amounts recorded in account 100.5 shall be classified according to the nature of the item of which composed. Any difference between the cost of electric plant and its book cost, when not properly includible in other accounts, shall be recorded in Account 107, Electric Plant Adjustments.

D. Not later than 2 years after the effective date of this system of accounts, each utility shall have completed the studies necessary for classifying its electric plant as of the effective date of this system of accounts in accordance with the accounts prescribed herein and it shall submit to the Commission the entries it proposes to make to carry out the provisions of this instruction. It shall submit also a comparative balance sheet showing the accounts and amounts appearing in its books as of the effective date of this system of accounts and the accounts and respective amounts as of the same date after the proposed entries shall have been made.

E. Pending the classification of electric plant at the effective date of this system of accounts in accordance with the accounts prescribed herein, each utility shall maintain its present accounts with respect to such property as subaccounts of Account 100.6, Electric Plant in Process of Reclassification.

3. Electric Plant To Be Recorded at Cost.

A. All amounts included in the accounts for tangible electric plant consisting of plant acquired as an operating unit or system shall be stated at the original cost incurred by the person who first devoted the property to utility service. All other tangible electric plant shall be included in the accounts at the cost incurred by the utility.

B. All amounts included in the accounts for intangible electric plant shall likewise be stated on the basis provided in paragraph A above except as otherwise provided in the texts of the intangible accounts.

C. Where the term "cost" is used in the detailed electric plant accounts, it shall have the meaning stated in paragraphs A and B above and shall include not only the materials, supplies, labor, services, and other items consumed or employed in the construction and installation of electric plant, but also the cost of preliminary studies, plans, surveys, engineering, supervision, and general expenses, which contribute directly and immediately to electric plant without duplication of such costs.

D. When the consideration given for property is other than cash, the value of such consideration shall be determined on a cash basis. In the entry recording such transaction, the actual consideration shall be described with sufficient particularity to identify it. The utility shall be prepared to furnish the Commission the particulars of its determination of the cash value of the consideration, if other than cash.

E. When property is purchased under a plan involving deferred payments, no charge shall be made to the electric plant accounts for interest, insurance, or other expenditures occasioned solely by such form of payment.

F. Electric plant contributed to the utility or constructed by it from contributions to it of cash or its equivalent shall be charged to the electric plant accounts at original cost. There shall be credited to the depreciation and amortization reserve accounts the estimated amount of depreciation and amortization applicable to the property at the time of its contribution to the utility. The difference between the amounts included in the electric plant accounts and the reserve accounts shall be credited to Account 265, Contributions in Aid of Construction.

NOTE A.—Amounts received for construction which are ultimately to be refunded, wholly or in part, shall be credited to account 241, Customers' Advances for Construction. When the amount to be refunded has been finally determined, any credit balance remaining in account 241, shall be credited to account 265, Contributions in Aid of Construction.

NOTE B.—For contributions to project properties, see note B to account 265, Contributions in Aid of Construction.

4. Electric Plant Purchased.

A. When electric plant constituting an operating unit or system is acquired by purchase, merger, consolidation, liquidation, or otherwise, after the effective date of this system of accounts, the cost of acquisition, including expenses incidental thereto and properly includible in electric plant, shall be charged to Account 100.1, Electric Plant in Service, Subaccount 391, Electric Plant Purchased.

B. The accounting for the acquisition shall then be completed as follows:

(1) The original cost, estimated if not known, shall be credited to Account 100.1, Electric Plant in Service, Subaccount 391, Electric Plant Purchased, and concurrently charged to Account 100.1, Electric Plant in Service; Account 100.2, Electric Plant Leased to Others; Account 100.3, Construction Work in Progress; Account 100.4, Electric Plant Held for Future use; as appropriate, and distributed to the detailed accounts which they control.

(2) The depreciation and amortization reserve requirements applicable to the original cost of the properties purchased, if required by the Commission to be recorded by the accounting utility, shall be charged to Account 100.1, Electric Plant in Service, Sub-account 391,

Electric Plant Purchased, and concurrently credited to Account 250, Reserve for Depreciation of Electric Plant, and Account 251, Reserve for Amortization of Limited-Term Electric Investments, as appropriate.

(3) The amount remaining in Account 391, Electric Plant Purchased, shall then be closed to Account 100.5, Electric Plant Acquisition Adjustments.

C. A memorandum record shall be kept of the amount of contributions in aid of construction applicable to the property acquired as shown by the accounts of the previous owner.

D. When any property acquired as an operating unit or system includes duplicate or other electric plant which will be retired by the accounting utility in the reconstruction of the acquired property or its consolidation with the previously owned property, the accounting for such property shall be presented to the Commission for consideration and approval.

E. If property acquired in the purchase of an operating unit or system is in such physical condition when acquired that it is necessary substantially to rehabilitate it in order to bring the property up to the standards of the utility, the cost of such work, except replacements, shall be accounted for as a part of the purchase price of the property.

F. In connection with the acquisition of electric plant constituting an operating unit or system, the utility shall procure, if possible, all existing records relating to the property acquired, or certified copies thereof, and shall preserve such records until specifically authorized by the Commission to destroy or otherwise dispose of them.

NOTE.—In cases of mergers and consolidations occurring prior to the determination of the original cost to the merging or consolidating utilities, the resulting utility may, with the approval of the Commission, merge the accounts of the constituent utilities. In the event original cost has not been determined, the resulting utility shall proceed to determine such cost as outlined herein.

5. Components of Construction Cost.

The cost of construction properly includible in the electric plant accounts shall include, where applicable, the direct and overhead costs as listed and defined hereunder:

(1) "Contract work" includes amounts paid for work performed under contract by other companies, firms, or individuals, costs incident to the award of such contracts, and the inspection of such work. It does not include the cost of work performed by the utility on the project, a part of which is performed by others under contract.

(2) "Labor" includes the pay and expenses of employees of the utility engaged on construction work, and also workmen's compensation insurance, pay roll taxes, and similar items of expense. It does not include the pay and expenses of employees which are distributed to construction through clearing accounts nor the pay and expenses included in other items hereunder.

(3) "Materials and supplies" includes the purchase price at the point of free delivery plus customs duties, excise taxes, the cost of inspection, loading and transportation, the related stores expenses and the cost of fabricated materials from the utility's shop. In determining the cost of materials and supplies used for construction

proper allowance shall be made for unused materials and supplies, for materials recovered from temporary structures used in performing the work involved, and for discounts allowed and realized in the purchase of materials and supplies.

NOTE.—The cost of individual items of equipment of small value (for example, $10 or less) or of short life, including small portable tools and implements, shall not be charged to electric plant accounts, unless the correctness of the accounting therefor is verified by current inventories. It may be charged to the appropriate operating expense or clearing accounts, according to the use of such items, or, if such items are consumed directly in construction work, the cost shall be included as part of the cost of the constructed unit.

(4) "Transportation" includes the cost of transporting employees, materials and supplies, tools, purchased equipment, and other work equipment (when not under own power) to and from points of construction. It includes amounts paid to others as well as the cost of operating the utility's own transportation equipment. (See item 5 following.)

(5) "Special machine service" includes the cost of labor (operational), materials and supplies, depreciation, and other expenses incurred in the maintenance, operation, and use of special machines, such as steam shovels, pile drivers, derricks, ditchers, scrapers, material unloaders, and other labor-saving machines; also expenditures for rental, maintenance, and operation of machines of others. It does not include the cost of small tools and other individual items of small value or short life which are included in the cost of materials and supplies. (See item 3, above.) When a particular construction job requires the use for an extended period of time of special machines, transportation, or other equipment, the net book cost thereof, less the appraised or salvage value at time of release from the job, shall be included in the cost of construction.

(6) "Shop service" includes the proportion of the expense of the utility's shop department assignable to construction work, except that the cost of fabricated materials from the utility's shop shall be included in "materials and supplies."

(7) "Protection" includes the cost of protecting the utility's property from fire or other casualties and the cost of preventing damages to others, or to the property of others, including payments for discovery or extinguishment of fires, cost of apprehending and prosecuting incendiaries, witness fees in relation thereto, amounts paid to municipalities and others for fire protection, and other analogous items of expenditures in connection with construction work.

(8) "Injuries and damages" includes expenditures or losses in connection with construction work on account of injuries to persons and damages to the property of others; also the cost of investigation of and defense against actions for such injuries and damages. Insurance recovered or recoverable on account of compensation paid for injuries incident to construction shall be credited to the account or accounts to which such compensation is charged. Insurance recovered or recoverable on account of property damages incident to construction shall be credited to the account or accounts charged with the cost of the damages.

(9) "Privileges and permits" includes payments for and expenses incurred in securing temporary privileges, permits, or rights in connection with construction work, such as for the use of private or

public property, streets, or highways, but it does not include rents or amounts chargeable as franchises and consents, for which see Account 302, Franchises and Consents.

(10) "Rents" includes amounts paid for the use of construction quarters and office space occupied by construction forces and amounts properly includible in construction costs for such facilities jointly used.

(11) "Engineering and supervision" includes the portion of the pay and expenses of engineers, surveyors, draftsmen, inspectors, superintendents, and their assistants applicable to construction work.

(12) "General administration capitalized" includes the portion of the pay and expenses of the general officers and administrative and general expenses applicable to construction work.

(13) "Engineering services" includes amounts paid to other companies, firms or individuals engaged by the utility to plan, design, prepare estimates, supervise, inspect, or give general advice and assistance in connection with construction work. A copy of the agreement or arrangement under which such services are rendered shall be preserved.

(14) "Insurance" includes premiums paid or amounts provided or reserved as self-insurance for the protection against loss and damages in connection with construction, by fire or other casualty, injury to or death of persons other than employees, damages to property of others, defalcation of employees and agents, and the nonperformance of contractual obligations of others. It does not include workmen's compensation or similar insurance on employees included as "labor" in item 2, above.

(15) "Law expenditures" includes the general law expenditures incurred in connection with construction and the court and legal costs directly related thereto, other than law expenses included in protection, item 7, and in injuries and damages, item 8.

(16) "Taxes" includes taxes on physical property (including land) during the period of construction and other taxes properly includible in construction costs before the facilities become available for service.

(17) "Interest during construction" includes the net cost of borrowed funds used for construction purposes and a reasonable rate upon the utility's own funds when so used. Interest during construction shall be charged to the individual job upon which the funds are expended and shall be credited to Account 536, Interest Charged to Construction—Credit. The period for which interest may be capitalized shall be limited to the period of construction. No interest charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

NOTE.—When a part only of a plant or project is placed in operation or is completed and ready for service but the construction work as a whole is incomplete, that part of the cost of the property placed in operation, or ready for service, shall be treated as "Electric Plant in Service" and interest thereon as a charge to construction shall cease. Interest on that part of the cost of the plant which is incomplete may be continued as a charge to construction until such time as it is placed in operation or is ready for service, except as limited in item 17, above.

(18) "Earnings and expenses during construction." The earnings and expenses during construction shall constitute a component of construction costs.

(*a*) The earnings shall include revenues received or earned for power produced by generating plants during the construction period and sold or used by the utility. Where such power is sold to an independent purchaser before intermingling with power generated by other plants, the credit shall consist of the selling price of the energy. Where the power generated by a plant under construction is delivered to the utility's electric system for distribution and sale, or is delivered to an associated company, or is delivered to and used by the utility for purposes other than distribution and sale (for manufacturing or industrial use, for example), the credit shall be the fair value of the energy so delivered. The revenues shall also include rentals for lands, buildings, etc., and miscellaneous receipts not properly includible in other accounts.

(*b*) The expenses shall consist of the cost of operating the power plant, and other costs incident to the production and delivery of the power for which construction is credited under paragraph (*a*), above, including the cost of repairs and other expenses (but not taxes) of operating and maintaining lands, buildings, and other property, and other miscellaneous and like expenses not properly includible in other accounts.

6. Overhead Construction Costs.

A. All overhead construction costs, such as engineering, supervision, general office salaries and expenses, construction engineering and supervision by others than the accounting utility, law expenses, insurance, injuries and damages, relief and pensions, taxes, and interest, shall be charged to particular jobs or units on the basis of the amounts of such overheads reasonably applicable thereto, to the end that each job or unit shall bear its equitable proportion of such costs and that the entire cost of the unit, both direct and overhead, shall be deducted from the electric plant accounts at the time the unit of property is retired.

B. The instructions contained herein shall not be interpreted as permitting the addition to electric plant accounts of arbitrary percentages or amounts to cover assumed overhead costs, but as requiring the assignment to particular jobs and accounts of actual and reasonable overhead costs.

C. The records supporting the entries for overhead construction costs shall be so kept as to show the total amount of each overhead for each year, the nature and amount of each overhead expenditure charged to each construction work order and to each electric plant account, and the bases of distribution of such costs.

7. Leased Property, Expenditures on.

A. Except as provided in paragraph B, following, the cost of initial improvements (including repairs, rearrangements, additions, and betterments) to property leased from others made in the course of preparing the property for service, and the cost of any subsequent additions or betterments to such leased property shall be charged to the electric plant or other property account appropriate for the class of property leased. (See Account 100.1 and Operating expense instruction 5.)

B. When the initial improvements to leased property which are otherwise chargeable to electric plant or other property accounts are

of relatively minor cost or short life or the lease is for a period of not more than 1 year, the cost shall be charged to the account in which the rent expense is included.

8. Temporary Facilities.

When property ordinarily having a service life of more than 1 year is installed for temporary use in electric service, it shall be accounted for in the manner prescribed for electric plant in service.

9. Land and Land Rights:

A. "Land and Land Rights" means land owned in fee by the utility and rights, interests, and privileges held by the utility in land owned by others, such as leaseholds, easements, water and water-power rights, diversion rights, submersion rights, rights-of-way, and other like interests in land.

B. The accounts for land and land rights shall include the first cost, including the amounts of mortgages or other liens assumed, but not rents payable periodically with respect to such rights.

C. Where special assessments for public improvements provide for deferred payments, the full amount of the assessments shall be charged to the appropriate land account and the unpaid balance shall be carried in an appropriate liability account. Interest on unpaid balances shall be charged to the appropriate interest account. If any part of the cost of public improvements is included in the general tax levy, the amount thereof shall be charged to the appropriate tax account.

D. The net profit from the sale of timber, cordwood, or other property acquired with rights-of-way or other lands shall be credited to the appropriate land and land rights or clearing land account. Where land is held for a considerable period of time and timber on the land at the time of purchase increases in value, the net profit (after giving effect to the cost of the timber) from the sales of timber or its products shall be credited to Account 526, Miscellaneous Nonoperating Revenues.

E. Separate entries shall be made for the acquisition, transfer, or retirement of each parcel of land, and each land right, or water right having a life of more than 1 year. A record shall be maintained showing the nature of ownership, full legal description, area, map reference, purpose for which used, city, county, and tax district in which situated, from whom purchased or to whom sold, payment given or received, other costs, contract date and number, date of recording of deed, and book and page of record. Entries transferring or retiring land or land rights refer to the original entry recording its acquisition.

F. Any difference between the amount received from sale of land or land rights, less agents' commissions and other costs incident to the sale, and the book cost of such land or rights, shall be charged to Account 414, Miscellaneous Debits to Surplus, or credited to Account 401, Miscellaneous Credits to Surplus, as appropriate, unless a reserve therefor has been authorized and provided. Appropriate adjustments of the accounts shall be made with respect to any structures or improvements located on land sold.

G. Entries to the electric plant accounts for limited-term interests in land shall make specific reference to the lease, contract, or arrangement under which each interest is held or used, together with a concise statement of the terms of the lease, contract, or arrangement.

H. The cost of buildings and other improvements (other than public improvements) shall not be included in the land accounts. If at the time of acquisition of an interest in land such interest extends to buildings or other improvements (other than public improvements), which are then devoted to electric operations, the land and improvements shall be separately appraised and the cost allocated to land and buildings or improvements on the basis of the appraisals. If the improvements are removed or wrecked without being used in electric operations, the cost thereof and the cost of removing or wrecking shall be charged and the salvage credited to the account in which the cost of the land is recorded.

I. The cost of land acquired in excess of that used in electric operations shall be included in Account 110, Other Physical Property, or account 100.4, Electric Plant Held for Future Use, as appropriate.

J. When the purchase of land for electric operations requires the purchase of land not to be used for such purposes, the charge to the specific land account shall be based upon the cost of the land purchased, less the estimated fair market value of that portion of the land which is not to be used for electric operations. The fair market value of such land not to be used for electric operations shall be included in Account 110, Other Physical Property.

K. When the purchase of land for electric operations requires the purchase of land not to be used for such purpose, but held for such purpose, the charge to the specific land account shall be based upon the estimated cost of only that portion which is to be used for electric operations, and the cost of the remaining land shall be included in Account 100.4, Electric Plant Held for Future Use.

L. Provision shall be made for amortizing amounts carried in the accounts for limited-term interests in land. The amortization of limited-term interests in land shall be accomplished in such manner as to apportion equitably the cost of each interest over the life thereof and to produce a charge to operating expenses, for each accounting period, of the amount properly chargeable thereto for such period. (See Account 251, Reserve for Amortization of Limited-Term Electric Investments, and Account 504, Amortization of Limited-Term Electric Investments.)

M. The items of cost to be included in the accounts for land and land rights are as follows:

1. Bulkheads, buried, not requiring maintenance or replacement.
2. Cost, first, of acquisition including mortgages and other liens assumed (but not subsequent interest thereon).
3. Clearing (first cost) the land of brush, trees, and debris; and also tree trimming (first cost), when not chargeable to other electric plant accounts.
4. Condemnation proceedings, including court and counsel costs.
5. Consents and abutting damages, payment for.
6. Conveyancers' and notaries' fees.

7. Fees, commissions, and salaries to brokers, agents, and others in connection with the acquisition of the land or land rights.

8. Grading the land, except when directly occasioned by the building of a structure.

9. Leases, cost of voiding upon purchase to secure possession of land.

10. Removing, relocating, or reconstructing property of others, such as buildings, highways, railroads, bridges, cemeteries, churches, telephone and power lines, etc., in order to acquire quiet possession.

11. Special assessments levied by public authorities for public improvements on the basis of benefits for new roads, new bridges, new sewers, new curbing, new pavements, and other public improvements, but not taxes levied to provide for the maintenance of such improvements.

12. Surveys in connection with the acquisition.

13. Taxes assumed, accrued to date of transfer of title.

14. Title, examining, clearing, insuring, and registering in connection with the acquisition, and defending against claims relating to the period prior to the acquisition.

10. Structures and Improvements.

A. "Structures and improvements" means all permanent buildings and structures to house, support, or safeguard property or persons, and improvements of a permanent character on or to land.

B. "Buildings" means permanent structures to house, support, or safeguard property or persons, including all fixtures permanently attached to and made a part of buildings and which cannot be removed therefrom without cutting into the walls, ceilings, or floors, or without in some way impairing the buildings.

C. "Improvements" means permanent improvements (other than buildings) to land.

D. Items of Cost:

A. Buildings:

1. Architects' plans.

2. Ash pits (when located within the building proper).

3. Boilers, furnaces, piping, wiring, fixtures, and machinery for heating, lighting, signaling, ventilating, and plumbing.

4. Bulkheads, including dredging, riprap, fill, piling, decking, concrete, fenders, etc., when exposed and subject to maintenance and replacement.

5. Chimneys.

6. Coal bins and bunkers.

7. Commissions and fees to brokers, agents, architects, and others.

8. Conduit (not to be removed).

9. Damages to abutting property during construction.

10. Door checks and door stops.

11. Drainage and sewerage systems.

12. Elevators, cranes, hoists, etc., and the machinery for operating them.

13. Excavation, including shoring, bracing, bridging, refill, and disposal of excess excavated material.

14. Fire protection systems, when forming a part of a structure.
15. Floor covering (permanently attached).
16. Foundations and piers for machinery, constructed as a permanent part of a building or other item listed herein.
17. Grading, when directly occasioned by the building of a structure.
18. Leases, vording upon purchase, to secure possession of structures.
19. Leased property, expenditures on.
20. Lighting fixtures.
21. Painting, first.
22. Partitions, including movable.
23. Permits and privileges.
24. Platforms, railings, and gratings, when constructed as a part of a structure.
25. Power boards for services to a building.
26. Refrigerating systems for general use.
27. Retaining walls.
28. Scales, connected to and forming a part of a structure.
29. Screens.
30. Sprinkling systems.
31. Stacks—brick, steel, or concrete, when set on foundation forming part of general foundation or steelwork of a building.
32. Storage facilities, constituting a part of a building.
33. Storm doors and windows.
34. Subways, areaways, and tunnels, directly connected to and forming part of a structure.
35. Tunnels, intake and discharge, when constructed as part of a structure.
36. Vaults constructed as part of a building.
37. Water-supply system for a building.
38. Window shades and ventilators.

B. Other structures and improvements:

1. Athletic fields.
2. Docks.
3. Fences and fence curbs (not including protective fences isolating individual items of equipment, which should be charged to the appropriate equipment account.)
4. Gas- and oil-supply systems, including pipe lines, holders, boosters, etc.
5. Intrasite communication system poles, pole fixtures, wires, and cables.
6. Landscaping, lawns, shrubbery, etc.
7. Roadways, railroads, bridges, and trestles intrasite, except railroads provided for in equipment accounts.
8. Sewer systems for general use.
9. Sidewalks, curbs, and streets constructed by the utility.
10. Water-front improvements.
11. Water-supply piping, hydrants, and wells.
12. Yard-drainage systems.
13. Yard-lighting systems.

14. Yard surfacing, gravel, concrete, or oil.

NOTE. The cost of disposing of material excavated in connection with construction shall be considered as a part of the cost of such work, except as follows: (*a*) When such material is used for filling, the cost of loading, hauling, and dumping shall be equitably apportioned between the work in connection with which the removal occurs and the work in connection with which the material is used; (*b*) when such material is sold, the net amount realized from such sales shall be credited to the work in connection with which the removal occurs. If the amount realized from the sale of excavated materials exceeds the removal costs and the costs in connection with the sale, the excess shall be credited to the land account in which the site is carried.

E. Items not included in buildings.

(1) Do not include in the cost of buildings lighting, heating, or other fixtures temporarily attached for purposes of display or demonstration.

(2) The cost of specially provided foundations not expected to outlast the machinery or apparatus for which provided, and the cost of angle irons, castings, etc., installed at the base of an item of equipment, shall be charged to the same account as the cost of the machinery, apparatus, or equipment.

(3) Minor buildings and structures, such as valve towers, patrolmen's towers, telephone stations, etc., which are used directly in connection with or form a part of a reservoir, dam, waterway, etc., shall be considered a part of the facility in connection with which constructed or operated and the cost thereof accounted for accordingly.

(4) When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate plant account, and no part to the building account.

(5) Where the structure of a dam forms also the foundation of the power plant building, such foundation shall be considered a part of the dam.

11. Equipment.

A. "Equipment" as used in this system of accounts, means all tangible electric plant, other than land and structures as herein defined.

B. The cost of equipment, unless otherwise indicated in the text of an equipment account, includes, in addition to the actual price thereof, sales taxes, investigation and inspection expenses necessary to such purchase, expenses of transportation when borne by the utility, labor employed, materials and supplies consumed, and expenses incurred by the utility in unloading and placing the equipment in readiness to operate.

C. Exclude from equipment accounts hand and other portable tools which are likely to be lost or stolen or which have relatively small value ($10 or less) or short life unless the correctness of the accounting therefor is verified by current inventory. Special tools acquired and included in the purchase price of equipment shall be included in the appropriate plant account. Portable drills and similar tool equipment when used in connection with the operation and

maintenance of a particular plant or department, such as production, transmission, distribution, etc., or "stores", shall be charged to the plant account appropriate for their use.

D. The equipment accounts shall include angle irons and similar items which are installed at the base of an item of equipment, but piers and foundations which are designed to be as permanent as the buildings which house the equipment, or which are constructed as a part of the building and which cannot be removed without cutting into the floors or the walls of the building, shall be included in the building accounts.

E. The equipment accounts shall include all the necessary costs of testing or running a plant or part thereof during an experimental or test period prior to becoming available for service. The accounting utility shall furnish the Commission with full particulars of and justification for any test or experimental run extending beyond a period of 30 days.

F. The cost of efficiency or other tests made subsequent to the date equipment becomes available for service shall be charged to the appropriate operating expense accounts, except that tests to determine whether equipment meets the specifications and requirements as to efficiency, performance, etc., guaranteed by manufacturers, made after operations have commenced and within the period specified in the agreement or contract of purchase, may be charged to the appropriate electric plant account.

12. Additions and Retirements of Electric Plant.

A. For the purpose of avoiding undue refinement in accounting for additions to and retirements and replacements of electric plant, all property shall be considered as consisting of (1) units of property and (2) minor items of property.

B. *Units of property.*—Each utility may adopt its own list of units for the purpose of this instruction until such time as the Commission shall prescribe a list of units.

(1) When a unit of property is added to electric plant, the cost thereof shall be added to the appropriate electric plant account, except that when units are acquired in the acquisition of any electric plant constituting an operating system, they shall be accounted for as provided in electric plant instruction 4.

(2) When a unit of property is retired from electric plant, with or without replacement, the book cost thereof shall be credited to the electric plant account in which it is included, determined in the manner set forth in paragraph D, below. If the unit of property is of a depreciable class, the book cost of the unit retired and credited to electric plant shall be charged to the depreciation reserve provided for such property. (See par. G, below, and also electric plant instruction 13.)

C. *Minor items of property.*

(1) When a minor item of property which did not previously exist is added to plant, the cost thereof shall be accounted for in the same manner as for the addition of a unit of property, as set forth in paragraph B (1), above, if a substantial addition results, otherwise the charge shall be to the appropriate operating expense account.

(2) When a minor item of property is retired and not replaced, the book cost thereof shall be credited to the electric plant account

in which it is included; and, in the event the minor item is a part of depreciable plant, the depreciation reserve shall be charged with the book cost and cost of removal and credited with the salvage. If, however, the book cost of the minor item retired and not replaced has been or will be accounted for by its inclusion in the unit of property of which it is a part when such unit is retired, no separate credit to the property account is required when such minor item is retired.

(3) When a minor item of depreciable property is replaced independently of the unit of which it is a part, the cost of replacement shall be charged to the maintenance account appropriate for the item, except that if the replacement effects a substantial betterment (the primary aim of which is to make the property affected more useful, more efficient, of greater durability, or of greater capacity), the excess cost of the replacement over the estimated cost at current prices of replacing without betterment shall be charged to the appropriate electric plant account.

D. *Determination of book cost.*—The book cost of electric plant retired shall be the amount at which such property is included in the electric plant accounts, including all components of construction costs. The book cost shall be determined from the utility's records and if this cannot be done, it shall be estimated. When it is impracticable to determine the book cost of each item, due to the relatively large number or small cost thereof, the average book cost of the items, with due allowance for any differences in size and character, shall be used as the book cost of the items retired.

E. *Land retired.*—The book cost of land retired shall be credited to the appropriate land account. If the land is sold, the difference between the book cost and the sale price of the land (less commissions and other expenses of making the sale) shall be credited to Account 401, Miscellaneous Credits to Surplus, or debited to Account 414, Miscellaneous Debits to Surplus, as appropriate, unless a reserve therefor has been authorized and provided. If the land is not used in electric service but is retained by the utility, the book cost shall be charged to Account 100.4, Electric Plant Held for Future Use, or Account 110, Other Physical Property, as appropriate.

F. *Electric plant sold.*—When electric plant constituting an operating unit or system is sold, conveyed, or transferred to another by sale, merger, consolidation, or otherwise, the book cost of the property sold or transferred to another shall be credited to the appropriate electric plant accounts, including amounts carried in Account 100.5, Electric Plant Acquisition Adjustments, and the amounts (estimated if not known) carried with respect thereto in the depreciation and amortization reserve accounts and in Account 241, Customer Advances for Construction, and Account 265, Contributions in Aid of Construction, shall be charged to such reserves and accounts. Unless otherwise ordered by the Commission, the difference, if any, between (*a*) the net amount of debits and credits and (*b*) the consideration received for the property (less commissions and other expenses of making the sale) shall be included in Account 414, Miscellaneous Debits to Surplus, or Account 401, Miscellaneous Credits to Surplus, as appropriate. (See Account 392, Electric Plant Sold.)

G. The service value of depreciable electric plant retired shall be charged in its entirety to Account 250, Reserve for Depreciation of Electric Plant. Any amounts which by approval or order of the Commission are charged to Account 141, Extraordinary Property Losses, shall be credited to account 250, Reserve for Depreciation of Electric Plant.

H. The accounting for the retirement of amounts included in Account 302, Franchises and Consents, and Account 303, Miscellaneous Intangible Plant, and the items of limited-term interest in land included in the accounts for land and land rights, shall be as provided for in the text of Account 254, Reserve for Amortization of Limited-Term Electric Investments, and Account 504, Amortization of Limited-Term Electric Investments.

I. Additions and retirements of electric plant shall not be netted in the entries or in the posting of the entries.

13. Work Order System Required.

A. All changes in electric plant (except the purchase or sale of electric plant constituting an operating unit or system) shall be recorded by means of work orders or job orders. Separate work orders may be opened for additions to and retirements of electric plant or the retirements may be included in the construction work order, provided, however, that all items relating to retirements shall be kept distinctly separate from those relating to construction and provided, further, that any maintenance costs involved in the work shall likewise be kept distinctly separate.

B. Each utility shall keep its work order system in such manner as to show the nature of each addition to or retirement of electric plant, the total cost thereof, the source or sources of costs and the electric plant account or accounts to which charged or credited. Work orders covering jobs of short duration may be cleared monthly.

14. Transfers of Property.

A. When property is transferred from one account for electric plant to another, from one utility department to another, such as from electric to gas, from one operating division or area to another, to or from Accounts 100.1, Electric Plant in Service, 100.2, Electric Plant Leased to Others, and 100.4, Electric Plant Held for Future Use, the transfer shall be recorded by transferring the book cost thereof from the one account, department or division to the other, and likewise any related amounts carried in the depreciation or amortization reserves, and other accounts shall be transferred in accordance with the segregation of such reserves and other accounts.

B. When property subject to depreciation or amortization is transferred from the electric plant accounts to Account 110, Other Physical Property, the transfer shall be accomplished by crediting the electric plant accounts and charging the depreciation or amortization reserve with the book cost of the item transferred; the depreciation or amortization reserve shall then be credited and account 110, Other Physical Property, charged with the estimated fair value of the property transferred.

15. Common Utility Plant.

A. If the utility is engaged in more than one utility service, such as electric, gas, and street railway, and any of its utility plant is used in common for several utility services or for other purposes to such an extent and in such manner that it is impracticable to segregate it by utility services currently in the accounts, such property may, but only with the approval of the Commission, be designated and classified as "Common Utility Plant."

B. Utility plant designated as common utility plant shall be classified according to the detailed utility plant accounts appropriate for the property.

C. The utility shall be prepared to show at any time and to report to the Commission annually, or more frequently if required, and by utility plant accounts (301 to 395), the following: (1) The book cost of common utility plant, (2) the allocation of such cost to the respective departments using the common utility plant, and (3) the basis of the allocation.

D. The depreciation and amortization reserves of the utility shall be so segregated as to show the amount of each reserve applicable to the property classified as common utility plant.

E. The expenses of operation, maintenance, depreciation, and amortization of common utility plant shall be recorded in the accounts prescribed herein, but designated as common expenses, and the allocation of such expenses to the departments using the common utility plant shall be supported in the same manner as the allocation of the cost of such property.

16. Transmission and Distribution Plant.

For the purpose of this system of accounts:

A. "Transmission system" means: (1) All land, conversion structures, and equipment employed at a primary source of supply (i. e., generating station, or point of receipt in the case of purchased power) to change the voltage or frequency of electric energy for the purpose of its more efficient or convenient transmission; (2) all land, structures, lines, switching and conversion stations, high tension apparatus, and their control and protective equipment between a generating or receiving point and the entrance to a distribution center or wholesale point; and (3) all lines and equipment whose primary purpose is to augment, integrate, or tie together the sources of power supply.

B. "Distribution system" means all land, structures, conversion equipment, lines, line transformers, and other facilities employed between the primary source of supply (i. e., generating station, or point of receipt in the case of purchased power) and of delivery to customers, which are not includible in transmission system, as defined in Paragraph A, whether or not such land, structures and facilities are operated as part of a transmission system or as part of a distribution system.

NOTE.—Stations which change the energy from transmission to distribution voltage shall be classified as distribution stations.

C. Where poles or towers support both transmission and distribution conductors, the poles, towers, anchors, guys, and rights-of-way

shall be classified as transmission system. The conductors, cross arms, braces, grounds, tie-wire, insulators, etc., shall be classified as transmission or distribution facilities, according to the purpose for which used.

D. Where underground conduit contains both transmission and distribution conductors, the underground conduit and rights-of-way shall be classified as distribution system. The conductors shall be classified as transmission or distribution facilities according to the purpose for which used.

E. Land (other than rights-of-way) and structures used jointly for transmission and distribution purposes shall be classified as transmission or distribution according to the major use thereof.

ELECTRIC PLANT ACCOUNTS

I. INTANGIBLE PLANT

301. Organization.
302. Franchises and Consents.
303. Miscellaneous Intangible Plant.

II. PRODUCTION PLANT

(A) Steam Production

310. Land and Land Rights.
311. Structures and Improvements.
312. Boiler Plant Equipment.
313. Engines and Engine Driven Generators.
314. Turbo-Generator Units.
315. Accessory Electric Equipment.
316. Miscellaneous Power Plant Equipment.

(B) Hydraulic Production

330. Land and Land Rights.
331. Structures and Improvements.
332. Reservoirs, Dams, and Waterways.
333. Water Wheels, Turbines, and Generators.
334. Accessory Electric Equipment.
335. Miscellaneous Power Plant Equipment.
336. Roads, Railroads, and Bridges.

(C) Internal Combustion Engine Production

340. Land and Land Rights.
341. Structures and Improvements.
342. Fuel Holders, Producers, and Accessories.
343. Internal-Combustion Engines.
344. Generators.
345. Accessory Electric Equipment.
346. Miscellaneous Power Plant Equipment.

III. TRANSMISSION PLANT

340. Land and Land Rights.
341. Clearing Land and Rights-of-Way.
342. Structures and Improvements.
343. Station Equipment.
344. Towers and Fixtures.
345. Poles and Fixtures.
346. Overhead Conductors and Devices.
347. Underground Cable.
348. Underground Conductors and Devices.
349. Roads and Trails.

IV. DISTRIBUTION PLANT

350. Land and Land Rights.
351. Structures and Improvements.
352. Station Equipment.
353. Storage Battery Equipment.
354. Poles, Towers, and Fixtures.
355. Overhead Conductors and Devices.
356. Underground Conduit.
357. Underground Conductors and Devices.
358. Line Transformers.
359. Services.
360. Meters.
361. Installations on Customers' Premises.
362. Leased Property on Customers' Premises.
363. Street Lighting and Signal Systems.

V. GENERAL PLANT

370. Land and Land Rights.
371. Structures and Improvements.
372. Office Furniture and Equipment.
373. Transportation Equipment.
374. Stores Equipment.
375. Shop Equipment.
376. Laboratory Equipment.
377. Tools and Work Equipment.
378. Communication Equipment.
379. Miscellaneous Equipment.
380. Other Tangible Property.
381. Electric Plant Purchased.
382. Electric Plant Sold.
383. Donations In Aid of Construction—Credit.

ELECTRIC PLANT ACCOUNTS

INTANGIBLE PLANT

301. Organization.

This account shall include all fees paid to federal or state governments for the privilege of incorporation and expenditures incident to organizing the corporation, partnership, or other enterprise and putting it into readiness to do business.

ITEMS.

1. Cost of obtaining certificates authorizing an enterprise to engage in the public-utility business.
2. Fees and expenses for incorporation.
3. Fees and expenses for mergers or consolidations.
4. Office expenses incident to organizing the utility.
5. Stock and minute books and corporate seal.

NOTE A.—This account shall not include any discounts upon securities issued or assumed; nor shall it include any costs incident to negotiating loans, selling bonds or other evidences of debt.

NOTE B.—Exclude from this account and include in the appropriate expense account the cost of preparing and filing papers in connection with the extension of the term of incorporation unless the first organization costs have been written off. When charges are made to this account for expenses incurred in mergers, consolidations, or reorganizations, amounts previously included herein or in similar accounts in the books of the companies concerned shall be excluded from this account.

302. Franchises and Consents.

A. This account shall include amounts paid to the federal government, to a State or to a political subdivision thereof in consideration for franchises, consents, or certificates, running in perpetuity or for a specified term of more than one year, together with necessary and reasonable expenses incident to procuring such franchises, consents, or certificates of permission and approval.

B. If a franchise, consent, or certificate is acquired by assignment, the charge to this account in respect thereof shall not exceed the amount paid therefor by the utility to the assignor, nor shall it exceed the amount paid by the original grantee, plus the expense of acquisition to such grantee. Any excess of the amount actually paid by the utility over the amount above specified shall be charged to Account 414, Miscellaneous Debits to Surplus.

C. When any franchise has expired, the book cost thereof shall be credited hereto and charged to Account 414, Miscellaneous Debits to Surplus, or to Account 251, Reserve for Amortization of Limited-Term Electric Investments, as appropriate.

D. This account shall be maintained in such a manner as to show separately the amounts included for perpetual franchises and for limited-term franchises.

NOTE.—Assessments in respect to franchises shall not be included herein but in the appropriate operating expense account.

03. Miscellaneous Intangible Plant.

A. This account shall include the cost of patent rights, licenses, rivileges, and other intangible property necessary or valuable in the onduct of the utility's electric operations and not specifically hargeable to any other account.

B. When any item included in this account is retired or expires, he book cost thereof shall be credited hereto and charged to Account 4, Miscellaneous Debits to Surplus, or Account 251, Reserve for mortization of Limited-Term Electric Investments, as appropriate.

C. This account shall be maintained in such a manner that the ility can furnish full information with respect to the amounts cluded herein.

PRODUCTION PLANT

(A) Steam Production

10. Land and Land Rights.

This account shall include the cost of land and land rights em-oyed in connection with steam-power generation. (See Electric ant instruction 9.)

11. Structures and Improvements.

This account shall include the cost in place of structures and im-rovements used and useful in connection with steam-power genera-n. (See Electric plant instruction 10.)

NOTE.—Include steam production roads and railroads in this account.

12. Boiler Plant Equipment.

This account shall include the cost installed of furnaces, boilers, al and ash handling and coal preparing equipment, steam and feed ter piping, boiler apparatus and accessories used in the production steam, mercury, or other vapor, to be used primarily for generating ctricity.

ITEMS

1. Ash handling equipment, including hoppers, gates, cars, con-yors, hoists, sluicing equipment, including pumps and motors, cing water pipe and fittings, sluicing trenches and accessories, , except sluices which are a part of a building.
2. Boiler feed system, including feed water heaters, evaporator con-sers, heater drain pumps, heater drainers, deaerators, and vent ndensers, boiler feed pumps, surge tanks, feed water regulators, d water measuring equipment, and all associated drives.
3. Boiler plant cranes and hoists and associated drives.
4. Boilers and equipment, including boilers and baffles, econo-zers, superheaters, soot blowers, foundations and settings, water lls, arches, grates, insulation, blow-down system, drying out of new lers, also associated motors or other power equipment.
5. Breeching and accessories, including breeching, dampers, soot uts, hoppers and gates, cinder eliminators, breeching insulation, t blowers and associated motors.

6. Coal handling and storage equipment, including coal towers, coal lorries, coal cars, locomotives and tracks when devoted principally to the transportation of coal, hoppers, downtakes, unloading and hoisting equipment, skip hoists and conveyors, weighing equipment, magnetic separators, cable ways, housings and supports for coal handling equipment.

7. Draft equipment, including air preheaters and accessories, induced and forced draft fans, air ducts, combustion control mechanisms, and associated motors or other power equipment.

8. Gas-burning equipment, including holders, burner equipment and piping, control equipment, etc.

9. Instruments and devices, including all measuring, indicating, and recording equipment for boiler plant service together with mountings and supports.

10. Lighting systems.

11. Oil-burning equipment, including tanks, heaters, pumps with drive, burner equipment and piping, control equipment, etc.

12. Pulverized fuel equipment, including pulverizers, accessory motors, primary air fans, cyclones and ducts, dryers, pulverized fuel bins, pulverized fuel conveyors and equipment, burners, burner piping, priming equipment, air compressors, motors, etc.

13. Stacks, including foundations and supports, stack steel and ladders, stack brick work, stack concrete, stack lining, stack painting (first), when set on separate foundations, independent of substructure or superstructure of building.

14. Station piping, including pipe, valves, fittings, separators, traps, desuperheaters, hangers, excavation, covering, etc., for station piping system, including all steam, condensate, boiler feed and water supply piping, etc., but not condensing water, plumbing, building heating, oil, gas, air piping or piping specifically provided for in Account 313.

15. Stoker or equivalent feeding equipment, including stokers and accessory motors, clinker grinders, fans and motors, etc.

16. Ventilating equipment.

17. Water purification equipment, including softeners and accessories, evaporators and accessories, heat-exchangers, filters, tanks for filtered or softened water, pumps, motors, etc.

18. Water-supply systems, including pumps, motors, strainers, raw-water storage tanks, boiler wash pumps, intake and discharge pipes and tunnels not a part of a building.

19. Wood fuel equipment, including hoppers, fuel hogs and accessories, elevators and conveyors, bins and gates, spouts, measuring equipment and associated drives.

NOTE.—When the system for supplying boiler or condenser water is elaborate as when it includes a dam, reservoir, canal, pipe line, cooling ponds, or when gas or oil is used as a fuel for producing steam and is supplied through a pipe line system owned by the utility, the cost of such special facilities shall be charged to a subdivision of Account 311, Structures and Improvements.

313. Engines and Engine Driven Generators.

This account shall include the cost installed of steam engines, reciprocating or rotary, and their associated auxiliaries; and engine driven main generators, except turbo-generator units.

ITEMS

1. Air cleaning and cooling apparatus, including blowers, drive equipment, air ducts not a part of building, louvres, pumps, hoods, etc.
2. Bolting, shafting, pulleys, reduction gearing, etc.
3. Circulating pumps, including connections between condensers and intake and discharge tunnels.
4. Cooling system, including towers, pumps, tank, and piping.
5. Condensers, including condensate pumps, air and vacuum pumps, ejectors, unloading valves and vacuum breakers, expansion devices, screens, etc.
6. Cranes, hoists, etc., including items wholly identified with items listed herein.
7. Engines, reciprocating or rotary.
8. Fire-extinguishing systems.
9. Foundations and settings, especially constructed for and not expected to outlast the apparatus for which provided.
10. Generators—main, A. C. or D. C., including field rheostats and connections for self-excited units, and excitation systems, when identified with the generating unit.
11. Governors.
12. Lighting systems.
13. Lubricating systems, including gages, filters, tanks, pumps, piping, motors, etc.
14. Mechanical meters, including gages, recording instruments, sampling and testing equipment.
15. Piping—main exhaust, including connections between generator and condenser and between condenser and hotwell.
16. Piping—main steam, including connections from main throttle valve to turbine inlet.
17. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
18. Pressure oil system, including accumulators, pumps, piping, motors, etc.
19. Throttle and inlet valve.
20. Tunnels, intake and discharge, for condenser system, when not a part of a structure.
21. Water screens, motors, etc.

314. Turbo-Generator Units.

This account shall include the cost installed of main turbine driven units and accessory equipment used in generating electricity by steam.

ITEMS

1. Air cleaning and cooling apparatus, including blowers, drive equipment, air ducts not a part of building, louvres, pumps, hoods, etc.
2. Circulating pumps, including connections between condensers and intake and discharge tunnels.
3. Condensers, including condensate pumps, air and vacuum pumps, ejectors, unloading valves and vacuum breakers, expansion devices, screens, etc.

4. Cooling system, including towers, pumps, tanks, and piping.
5. Cranes, hoists, etc., including items wholly identified with items listed herein.
6. Excitation system, when identified with main generating units.
7. Fire-extinguishing systems.
8. Foundations and settings, especially constructed for and not expected to outlast the apparatus for which provided.
9. Governors.
10. Lighting systems.
11. Lubricating systems, including gages, filters, tanks, pumps, piping, motors, etc.
12. Mechanical meters, including gages, recording instruments, sampling and testing equipment.
13. Piping—main exhaust, including connections between turbo-generator and condenser and between condenser and hotwell.
14. Piping—main steam, including connections from main throttle valve to turbine inlet.
15. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
16. Pressure oil systems, including accumulators, pumps, piping, motors, etc.
17. Steelwork, specially constructed for apparatus listed herein.
18. Throttle and inlet valve.
19. Tunnels, intake and discharge, for condenser system, when not a part of structure, water screens, etc.
20. Turbo-generators—main, including turbine and generator, field rheostats and electric connections for self-excited units.
21. Water screens, motors, etc.

315. Accessory Electric Equipment.

This account shall include the cost installed of auxiliary generating apparatus, conversion equipment, and equipment used primarily in connection with the control and switching of electric energy produced by steam power, and the protection of electric circuits and equipment, except electric motors used to drive equipment included in other accounts. Such motors shall be included in the account in which the equipment with which they are associated is included.

NOTE.—Do not include in this account transformers and other equipment used for changing the voltage or frequency of electric energy for the purpose of transmission or distribution.

ITEMS

1. Auxiliary generators, including boards, compartments, switching equipment, control equipment, and connections to auxiliary power bus.
2. Excitation system, including motor, turbine and dual-drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument shunts, conductors and conduit, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housing, protective screens, etc.
3. Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mecha-

nisms and interlocks, current transformers, potential transformers, protective relays, isolated panels and equipment, conductors and conduit, special supports for generator main leads, grounding switch, etc., special housings, protective screens, etc.

4. Station buses, including main, auxiliary, transfer, synchronizing and fault ground buses, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors, starting transformers, current transformers, potential transformers, protective relays, storage batteries and charging equipment, isolated panels and equipment, conductors and conduit, special supports, special housings, concrete pads, general station grounding system, special fire-extinguishing system, and test equipment.

5. Station control system, including station switchboards with panel wiring, panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, truck-type boards complete, cubicles, station supervisory control boards, generator and exciter signal stands, temperature recording devices, frequency-control equipment, master clocks, watt-hour meters and synchronoscope in the turbine room, station totalizing wattmeter, boiler-room load indicator equipment, storage batteries, panels and charging sets, instrument transformers for supervisory metering, conductors and conduit, special supports for conduit, switchboards, batteries, special housing for batteries, protective screens, doors, etc.

NOTE.—When any item of equipment listed herein is used wholly to furnish power to equipment included in another account, its cost shall be included in such other account.

316. Miscellaneous Power Plant Equipment.

This account shall include the cost installed of miscellaneous equipment in and about the steam generating plant devoted to general station use, and which is not properly includible in any of the foregoing steam-power production accounts.

ITEMS

1. Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.
2. Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.
3. Fire-extinguishing equipment for general station use.
4. Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
5. Locomotive cranes not includible elsewhere.
6. Locomotives not includible elsewhere.
7. Marine equipment, including boats, barges, etc.
8. Miscellaneous belts, pulleys, countershafts, etc.
9. Miscellaneous equipment, including atmospheric and weather indicating devices, intrasite communication equipment, laboratory equipment, signal systems, callophones, emergency whistles and sirens, fire alarms, insect-control equipment, and other similar equipment.
10. Railway cars not includible elsewhere.
11. Refrigerating systems, including compressors, pumps, cooling coils, etc.

12. Station maintenance equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.

13. Ventilating equipment, including items wholly identified with apparatus listed herein.

NOTE.—When any item of equipment listed herein is wholly used in connection with equipment included in another account, its cost shall be included in such other account.

(B) HYDRAULIC PRODUCTION

320. Land and Land Rights.

This account shall include the cost of land and land rights used and useful in connection with hydraulic power generation. (See Electric plant instruction 9.)

321. Structures and Improvements.

This account shall include the cost in place of structures and improvements used and useful in connection with hydraulic power generation. (See Electric plant instruction 10.)

322. Reservoirs, Dams, and Waterways.

This account shall include the cost in place of facilities used for impounding, collecting, storage, diversion, regulation, and delivery of water used primarily for generating electricity.

ITEMS

1. Bridges and culverts (when not a part of roads or railroads).
2. Clearing and preparing land.
3. Dams, including wasteways, spillways, flash boards, spillway gates with operating and control mechanisms, tunnels, gate houses, and fish ladders.
4. Dikes and embankments.
5. Electric system, including conductors, control system, transformers, lighting fixtures, etc.
6. Excavation, including shoring, bracing, bridging, refill, and disposal of excess excavated material.
7. Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
8. Intakes, including trash racks, rack cleaners, control gates and valves with operating mechanisms, and intake house when not a part of station structure.
9. Platforms, railings, steps, gratings, etc., appurtenant to structures listed herein.
10. Power lines wholly identified with items included herein.
11. Retaining walls.
12. Water conductors and accessories, including canals, tunnels, flumes, penstocks, pipe conductors, forebays, tailraces, navigation locks and operating mechanisms, water-hammer and surge tanks, and supporting trestles and structures.
13. Water storage reservoirs, including dams, flashboards, spillway gates and operating mechanisms, inlet and outlet tunnels, regulating valves and valve towers, silt and mud sluicing tunnels with

valve or gate towers, and all other structures wholly identified with any of the foregoing items.

323. Water Wheels, Turbines, and Generators.

This account shall include the cost installed of water wheels and hydraulic turbines (from connection with penstock or flume to tail-race) and generators driven thereby devoted to the production of electricity by water power or for the production of power for industrial or other purposes, if the equipment used for such purposes is a part of the hydraulic power plant works.

ITEMS

1. Exciter water wheels and turbines, including runners, gates, governors, pressure regulators, oil pumps, operating mechanisms, scroll cases, draft-tubes, and draft-tube supports.
2. Fire-extinguishing equipment.
3. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
4. Generator cooling system, including air cooling and washing apparatus, air fans and accessories, air ducts, etc.
5. Generators—main, A. C. or D. C., including field rheostats and connections for self-excited units and excitation system when identified with the generating unit.
6. Lighting systems.
7. Lubricating systems, including gages, filters, tanks, pumps, piping, etc.
8. Main penstock valves and appurtenances, including main valves, control equipment, bypass valves and fittings, and other accessories.
9. Main turbines and water wheels, including runners, gates, governors, pressure regulators, oil pumps, operating mechanisms, scroll cases, draft tubes, and draft-tube supports.
10. Mechanical meters and recording instruments.
11. Miscellaneous water-wheel equipment, including gages, thermometers, meters, and other instruments.
12. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
13. Scroll case filling and drain system, including gates, pipe, valves, fittings, etc.
14. Water-actuated pressure-regulator system, including tanks and housings, pipes, valves, fittings and insulations, piers and anchorage, and excavation and backfill.

324. Accessory Electric Equipment.

This account shall include the cost installed of auxiliary generating apparatus, conversion equipment, and equipment used primarily in connection with the control and switching of electric energy produced by hydraulic power and the protection of electric circuits and equipment, except electric motors used to drive equipment included in other accounts, such motors being included in the account in which the equipment with which they are associated is included.

NOTE.—Do not include in this account transformers and other equipment used for changing the voltage or frequency of electric energy for the purpose of transmission or distribution.

ITEMS

1. Auxiliary generators, including boards, compartments, switching equipment, control equipment, and connections to auxiliary power bus.

2. Excitation system, including motor, turbine, and dual-drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument shunts, conductors and conduit, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housings, protective screens, etc.

3. Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, current transformers, potential transformers, protective relays, isolated panels and equipment, conductors and conduit, special supports for generator main leads, grounding switch, etc., special housings, protective screens, etc.

4. Station buses, including main, auxiliary, transfer, synchronizing, and fault ground buses, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors, starting transformers, current transformers, potential transformers, protective relays, storage batteries, and charging equipment, isolated panels and equipment, conductors and conduit, special supports, special housings, concrete pads, general station grounding system, special fire-extinguishing system, and test equipment.

5. Station control system, including station switchboards with panel wiring, panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, truck type boards complete, cubicles, station supervisory control devices, frequency control equipment, master clocks, watt-hour meter, station totalizing watt-meter, storage batteries, panels and charging sets, instrument transformers for supervisory metering, conductors and conduit, special supports for conduit, switchboards, batteries, special housings for batteries, protective screens, doors, etc.

NOTE.—When any item of equipment listed herein is used wholly to furnish power to equipment, it shall be included in such equipment account.

325. Miscellaneous Power Plant Equipment.

This account shall include the cost installed of miscellaneous equipment in and about the hydroelectric generating plant which is devoted to general station use and is not properly includible in other hydraulic production accounts.

ITEMS

1. Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.

2. Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.

3. Fire-extinguishing equipment for general station use.

4. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

5. Locomotive cranes not includible elsewhere.
6. Locomotives not includible elsewhere.
7. Marine equipment, including boats, barges, etc.
8. Miscellaneous belts, pulleys, countershafts, etc.
9. Miscellaneous equipment, including atmospheric and weather indicating devices, intrasite communication equipment, laboratory equipment, insect control equipment, signal systems, callophones, emergency whistles and sirens, fire alarms, and other similar equipment.
10. Railway cars, not includible elsewhere.
11. Refrigerating system, including compressors, pumps, cooling coils, etc.
12. Station maintenance equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.
13. Ventilating equipment, including items wholly identified with apparatus listed herein.

NOTE.—When any item of equipment, listed herein, is used wholly in connection with equipment included in another account, its cost shall be included in such other account.

326. Roads, Railroads, and Bridges.

This account shall include the cost of roads, railroads, trails, bridges, and trestles used primarily as production facilities. It includes also those roads, etc., necessary to connect the plant with highway transportation systems, except when such roads are dedicated to public use and maintained by public authorities.

ITEMS

1. Bridges, including foundations, piers, girders, trusses, flooring, etc.
2. Clearing land.
3. Railroads, including grading, ballast, ties, rails, culverts, hoists, etc.
4. Roads, including grading, surfacing, culverts, etc.
5. Structures, constructed and maintained in connection with items listed herein.
6. Trails, including grading, surfacing, culverts, etc.
7. Trestles, including foundations, piers, girders, trusses, flooring, etc.

NOTE A.—Roads intended primarily for connecting employees' houses with the power plant shall not be included herein but in Account 321, Structures and Improvements.

NOTE B.—Temporary roads, bridges, etc., necessary during the period of construction but abandoned or dedicated to public use upon completion of the plant, shall not be included herein but shall be charged to the accounts appropriate for the construction.

(C) INTERNAL COMBUSTION ENGINE PRODUCTION

330. Land and Land Rights.

This account shall include the cost of land and land rights used and useful in connection with internal combustion engine power generation. (See Electric plant instruction 9.)

331. Structures and Improvements.

This account shall include the cost in place of structures and improvements used and useful in connection with internal combustion engine power generation. (See Electric plant instruction 10.)

332. Fuel Holders, Producers, and Accessories.

This account shall include the cost installed of fuel handling and storage equipment used between the point of fuel delivery to the station and the intake pipe through which fuel is directly drawn to the engine, also the cost of gas producers and accessories devoted to the production of gas for use in internal combustion engines driving main electric generators.

ITEMS

1. Blower and fans.
2. Boilers and pumps.
3. Economizers.
4. Exhauster outfits.
5. Flues and piping.
6. Pipe system.
7. Producers.
8. Regenerators.
9. Scrubbers.
10. Steam injectors.
11. Tanks for storage of oil, gasoline, etc.
12. Vaporizers.

333. Internal Combustion Engines.

This account shall include the cost installed of Diesel or other internal combustion engines devoted to the generation of electric energy, together with their auxiliaries.

ITEMS

1. Air-filtering system.
2. Belting, shafting, pulleys, reduction gearing, etc.
3. Cooling system, including towers, pumps, tanks, and piping.
4. Cranes, hoists, etc., including items wholly identified with apparatus listed herein.
5. Engines, Diesel, gasoline, gas, or other internal combustion.
6. Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
7. Governors.
8. Ignition system.
9. Inlet valve.
10. Lighting systems.
11. Lubricating systems, including filters, tanks, pumps, and piping.
12. Mechanical meters, including gages, recording instruments, sampling, and testing equipment.
13. Mufflers.
14. Piping.
15. Starting systems, compressed air, or other, including compressors and drives, tanks, piping, motors, boards and connections, storage tanks, etc.
16. Steelwork, specially constructed for apparatus listed herein.
17. Waste heat boilers, antifluctuators, etc.

334. Generators.

This account shall include the cost installed of internal combustion engine driven main generators.

ITEMS

1. Cranes, hoists, etc., including items wholly identified with such apparatus.
2. Fire-extinguishing equipment.
3. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
4. Generator cooling system, including air cooling and washing apparatus, air fans and accessories, air ducts, etc.
5. Generators—main, A. C. or D. C., including field rheostats and connections for self-excited units and excitation system when identified with the generating unit.
6. Lighting systems.
7. Lubricating system, including tanks, filters, strainers, pumps, piping, coolers, etc.
8. Mechanical meters, and recording instruments.
9. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

335. Accessory Electric Equipment.

This account shall include the cost installed of auxiliary generating apparatus, conversion equipment, and equipment used primarily in connection with the control and switching of electric energy produced by internal combustion power, and the protection of electric circuits and equipment, except electric motors used to drive equipment included in other accounts. Such motors shall be included in the account in which the equipment with which it is associated is included.

NOTE.—Do not include in this account transformers and other equipment used for changing the voltage or frequency of electric energy for the purpose of transmission or distribution.

ITEMS

1. Auxiliary generators, including boards, compartments, switching equipment, control equipment, and connections to auxiliary power bus.
2. Excitation system, including motor, turbine and dual drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument shunts, conductors and conduit, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housings, protective screens, etc.
3. Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, current transformers, potential transformers, protective relays, isolated panels and equipment, conductors and conduit, special supports for generator main leads, grounding switch, etc., special housing, protective screens, etc.

4. Station control system, including station switchboards with panel wiring, panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, trunk-type boards complete, cubicles, station supervisory control boards, generator and exciter signal stands, temperature-recording devices, frequency control equipment, master clocks, watt-hour meter, station totalizing wattmeter, storage batteries, panels and charging sets, instrument transformers for supervisory metering, conductors and conduit, special supports for conduit, switchboards, batteries, special housing for batteries, protective screens, doors, etc.

5. Station buses, including main, auxiliary, transfer, synchronizing and fault ground buses, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors, starting transformers, current transformers, potential transformers, protective relays, storage batteries and charging equipment, isolated panels and equipment, conductors and conduit, special supports, special housings, concrete pads, general station ground system, special fire-extinguishing system, and test equipment.

NOTE.—When any item of equipment listed herein is used wholly to furnish power to equipment included in another account, its cost shall be included in such other account.

336. Miscellaneous Power Plant Equipment.

This account shall include the cost installed of miscellaneous equipment in and about the internal combustion engine generating plant, devoted to general station use, and not properly includible in any of the foregoing internal combustion engine production accounts:

ITEMS

1. Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.

2. Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.

3. Fire-extinguishing equipment for general station use.

4. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

5. Miscellaneous equipment, including atmospheric and weather indicating devices, intrasite communication equipment, laboratory equipment, signal systems, callophones, emergency whistles and sirens, fire alarms, and other similar equipment.

6. Miscellaneous belts, pulleys, countershafts, etc.

7. Refrigerating system including compressors, pumps, cooling coils, etc.

8. Station maintenance equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.

9. Ventilating equipment, including items wholly identified with apparatus listed herein.

NOTE.—When any item of equipment, listed herein, is used wholly in connection with equipment included in another account, its cost shall be included in such other account.

TRANSMISSION PLANT

340. Land and Land Rights.

This account shall include the cost of land and land rights used and useful in connection with transmission operations. (See Electric plant instruction 9.)

341. Clearing Land and Rights-of-way.

This account shall include the cost of the initial or original clearing of transmission line land and rights-of-way.

NOTE.—The cost of removing stumps, grading, excavating, etc., incident to the preparation of foundations for towers or other structures or to the construction of roads, trails, and bridges, shall not be included ~~in this account but~~ in the accounts directly benefited.

342. Structures and Improvements.

This account shall include the cost in place of structures and improvements used and useful in connection with transmission operations. (See Electric plant instruction 10.)

343. Station Equipment.

This account shall include the cost installed of transforming, conversion, and switching equipment used for the purpose of changing the characteristics of electricity in connection with its transmission or for controlling transmission circuits.

ITEMS

1. Bus compartments, concrete, brick, and sectional steel, including items permanently attached thereto.
2. Conduit, including concrete and iron duct runs not part of a building.
3. Control equipment, including batteries, battery charging equipment, transformers, remote relay boards, and connections.
4. Conversion equipment, including transformers, indoor and outdoor, frequency changers, motor generator sets, rectifiers, synchronous converters, motors, cooling equipment, and associated connections.
5. Fences.
6. Fixed and synchronous condensers, including transformers, switching equipment, blowers, motors, and connections.
7. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
8. General station equipment, including air compressors, motors, hoists, cranes, test equipment, ventilating equipment, etc.
9. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
10. Primary and secondary voltage connections, including bus runs and supports, insulators, potheads, lightning arresters, cable and wire runs from and to outdoor connections or to manholes and the associated regulators, reactors, resistors, surge arresters, and accessory equipment.
11. Switchboards, including meters, relays, control wiring, etc.

12. Switching equipment, indoor and outdoor, including oil circuit breakers and operating mechanisms, truck switches, and disconnect switches.
13. Tools and appliances.

344. Towers and Fixtures.

This account shall include the cost installed of towers and appurtenant fixtures used for supporting overhead transmission conductors.

ITEMS

1. Anchors, guys, braces.
2. Brackets.
3. Crossarms, including braces.
4. Excavation, backfill, and disposal of excess excavated material.
5. Foundations.
6. Guards.
7. Insulator pins and suspension bolts.
8. Ladders and steps.
9. Railings, etc.
10. Towers.

345. Poles and Fixtures.

This account shall include the cost installed of transmission line poles, wood, steel, concrete, or other material, together with appurtenant fixtures used for supporting overhead transmission conductors.

ITEMS

1. Anchors, head arm and other guys, including guy guards, guy clamps, strain insulators, pole plates, etc.
2. Brackets.
3. Crossarms and braces.
4. Excavation and backfill, including disposal of excess excavated material.
5. Extension arms.
6. Gaining, roofing, stenciling, and tagging.
7. Insulator pins and suspension bolts.
8. Paving.
9. Pole steps.
10. Poles, wood, steel, concrete, or other material.
11. Racks complete with insulators.
12. Reinforcing and stubbing.
13. Settings.
14. Shaving and painting.

346. Overhead Conductors and Devices.

This account shall include the cost installed of overhead conductors and devices used for transmission purposes.

ITEMS

1. Circuit breakers.
2. Conductors, including insulated and bare wires and cables.
3. Ground wires and ground clamps.

4. Insulators, including pin, suspension, and other types.
5. Lightning arresters.
6. Switches.
7. Other line devices.

347. Underground Conduit.

This account shall include the cost installed of underground conduit and tunnels used for housing transmission cables or wires. (See Electric plant instruction 16.)

ITEMS

1. Conduit, concrete, brick or tile, including iron pipe, fiber pipe, Murray duct, and standpipe on pole or tower.
2. Excavation, including shoring, bracing, bridging, backfill, and disposal of excess excavated material.
3. Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
4. Lighting systems.
5. Manholes, concrete or brick, including iron or steel, frames and covers, hatchways, gratings, ladders, cable racks and hangers, etc., permanently attached to manholes.
6. Municipal inspection.
7. Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks.
8. Permits.
9. Protection of street openings.
10. Removal and relocation of subsurface obstruction.
11. Sewer connections, including drains, traps, tide valves, check valves, etc.
12. Sumps, including pumps.
13. Ventilating equipment.

348. Underground Conductors and Devices.

This account shall include the cost installed of underground conductors and devices used for transmission purposes.

ITEMS

1. Armored conductors, buried, including insulators, insulating materials, splices, potheads, trenching, etc.
2. Armored conductors, submarine, including insulators, insulating materials, splices in terminal chambers, potheads, etc.
3. Cables in standpipe, including pothead and connection from terminal chamber of manhole to insulators on pole.
4. Circuit breakers.
5. Fireproofing, in connection with any items listed herein.
6. Hollow-core oil-filled cable, including straight or stop joints, pressure tanks, auxiliary air tanks, feeding tanks; terminals, potheads and connections, ventilating equipment, etc.
7. Lead and fabric covered conductors, including insulators, compound filled, oil filled, or vacuum, splices, potheads, etc.
8. Lightning arresters.
9. Municipal inspection.

10. Permits.
11. Protection of street openings.
12. Racking of cables.
13. Switches.
14. Other line devices.

349. Roads and Trails.

This account shall include the cost of roads, trails, and bridges used primarily as transmission facilities.

ITEMS

1. Bridges, including foundation piers, girders, trusses, flooring, etc.
2. Clearing land.
3. Roads, including grading, surfacing, culverts, etc.
4. Structures, constructed and maintained in connection with items included herein.
5. Trails, including grading, surfacing, culverts, etc.

NOTE.—The cost of temporary roads, bridges, etc., necessary during the period of construction but abandoned upon completion of the plant, shall be charged to the account appropriate for the plant constructed.

DISTRIBUTION PLANT

350. Land and Land Rights.

This account shall include the cost of land and land rights used and useful in connection with distribution operations. (See Electric plant instruction 9.)

351. Structures and Improvements.

This account shall include the cost in place of structures and improvements used and useful in connection with distribution operations. (See Electric plant instruction 10.)

352. Station Equipment.

This account shall include the cost installed of station equipment, including transformer banks, etc., which are used for the purpose of changing the characteristics of electricity in connection with its distribution.

ITEMS

1. Bus compartments, concrete, brick and sectional steel, including items permanently attached thereto.
2. Conduit, including concrete and iron duct runs not part of building.
3. Control equipment, including batteries, battery charging equipment, transformers, remote relay boards, and connections.
4. Conversion equipment, indoor and outdoor, frequency changers, motor generator sets, rectifiers, synchronous converters, motors, cooling equipment, and associated connections.
5. Fences.
6. Fixed and synchronous condensers, including transformers, switching equipment, blowers, motors, and connections.

7. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
8. General station equipment, including air compressors, motors, hoists, cranes, test equipment, ventilating equipment, etc.
9. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
10. Primary and secondary voltage connections, including bus runs and supports, insulators, potheads, lightning arresters, cable and wire runs from and to outdoor connections or to manholes and the associated regulators, reactors, resistors, surge arresters, and accessory equipment.
11. Switchboards, including meters, relays, control wiring, etc.
12. Switching equipment, indoor and outdoor, including oil circuit breakers and operating mechanisms, truck switches, disconnect switches.

NOTE.—The cost of rectifiers, series transformers, and other special station equipment devoted exclusively to street lighting service shall not be included in this account, but in Account 363, Street Lighting and Signal Systems.

353. Storage Battery Equipment.

This account shall include the cost installed of storage battery equipment used for the purpose of supplying electricity to meet emergency or peak demands.

ITEMS

1. Batteries, including elements, tanks, tank insulators, etc.
2. Battery room connections, including cable or bus runs and connections.
3. Battery room flooring, when specially laid for supporting batteries.
4. Charging equipment, including motor generator sets and other charging equipment and connections, and cable runs from generator or station bus to battery room connections.
5. Miscellaneous equipment, including instruments, water stills, etc.
6. Switching equipment, including end-cell switches and connections, boards and panels, used exclusively for battery control, not part of general station switchboard.
7. Ventilating equipment, including fans and motors, louvres, and ducts not part of building.

NOTE.—Storage batteries used for control and general station purposes shall not be included in this account but in the account appropriate for their use.

354. Poles, Towers, and Fixtures.

This account shall include the cost installed of poles, towers, and appurtenant fixtures used for supporting overhead distribution conductors and service wires.

ITEMS

1. Anchors, head arm, and other guys, including guy guards, guy clamps, strain insulators, pole plates, etc.
2. Brackets.

3. Crossarms and braces.
4. Excavation and backfill, including disposal of excess excavat material.
5. Extension arms.
6. Foundations.
7. Guards.
8. Insulator pins and suspension bolts.
9. Paving.
10. Pole steps and ladders.
11. Poles, wood, steel, concrete, or other material.
12. Racks complete with insulators.
13. Railings.
14. Reinforcing and stubbing.
15. Settings.
16. Shaving, painting, gaining, roofing, stenciling, and tagging.
17. Towers.
18. Transformer racks and platforms.

355. Overhead Conductors and Devices.

This account shall include the cost installed of overhead condu tors and devices used for distribution purposes.

ITEMS

1. Circuit breakers.
2. Conductors, including insulated and bare wires and cables.
3. Ground wires, clamps, etc.
4. Insulators, including pin, suspension, and other types, and t wire or clamps.
5. Lightning arresters.
6. Railroad and highway crossing guards.
7. Splices.
8. Switches.
9. Other line devices.

NOTE.—The cost of conductors used solely for street lighting or signal s tems shall not be included in this account but in Account 363, Street Light and Signal Systems.

356. Underground Conduit.

This account shall include the cost installed of underground co duit and tunnels used for housing distribution cables or wires.

ITEMS

1. Conduit, concrete, brick and tile, including iron pipe, fiber pip Murray duct, and standpipe on pole or tower.
2. Excavation, including shoring, bracing, bridging, backfill, an disposal of excess excavated material.
3. Foundations and settings specially constructed for and n expected to outlast the apparatus for which constructed.
4. Lighting systems.
5. Manholes, concrete or brick, including iron or steel frames an covers, hatchways, gratings, ladders, cable racks and hangers, et permanently attached to manholes.
6. Municipal inspection.

7. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
8. Permits.
9. Protection of street openings.
10. Removal and relocation of subsurface obstructions.
11. Sewer connections, including drains, traps, tide valves, check valves, etc.
12. Sumps, including pumps.
13. Ventilating equipment.

NOTE.—The cost of underground conduit used solely for street lighting or signal systems shall be included in Account 363, Street Lighting and Signal Systems.

357. Underground Conductors and Devices.

This account shall include the cost installed of underground conductors and devices used for distribution purposes.

ITEMS

1. Armored conductors, buried, including insulators, insulating materials, splices, potheads, trenching, etc.
2. Armored conductors, submarine, including insulators, insulating materials, splices in terminal chamber, potheads, etc.
3. Cables in standpipe, including pothead and connection from terminal chamber or manhole to insulators on pole.
4. Circuit breakers.
5. Fireproofing, in connection with any items listed herein.
6. Hollow-core oil-filled cable, including straight or stop joints, pressure tanks, auxiliary air tanks, feeding tanks, terminals, potheads and connections, etc.
7. Lead and fabric covered conductors, including insulators, compound-filled, oil-filled or vacuum splices, potheads, etc.
8. Lightning arresters.
9. Municipal inspection.
10. Permits.
11. Protection of street openings.
12. Racking of cables.
13. Switches.
14. Other line devices.

NOTE.—The cost of underground conductors and devices used solely for street lighting or signal systems shall be included in Account 363, Street Lighting and Signal Systems.

358. Line Transformers.

A. This account shall include the cost installed of overhead and underground distribution line transformers and pole-type and underground voltage regulators owned by the utility, for use in transforming electricity to the voltage at which it is to be used by the customer, whether actually in service or held in reserve.

B. When a transformer is permanently retired from service, the original installed cost thereof shall be credited to this account.

C. The records covering line transformers shall be so kept that the utility can furnish the number of transformers of various capacities in service and those in reserve, and the location and the use of each transformer.

ITEMS

1. Installation, labor of (first installation only).
2. Transformer cut-out boxes.
3. Transformer lightning arresters.
4. Transformers, line and network.

NOTE.—The cost of removing and resetting line transformers shall not b charged to this account but to Account 761, Operation of Lines. The cost o line transformers used solely for street lighting or signal systems shall b included in Account 363, Street Lighting and Signal Systems.

359. Services.

This account shall include the cost installed of all overhead an underground conductors leading from a point where wires leave th last pole of the overhead system or the distribution box or manhol or the top of the pole of the distribution line, to the point of connec tion with the customer's outlet or wiring. Conduit used for under ground service conductors shall be included herein.

ITEMS

1. Brackets.
2. Cables and wires.
3. Conduit.
4. Insulators.
5. Municipal inspection.
6. Overhead to underground, including conduit or standpipe an conductor from last splice on pole to connection with customer' wiring.
7. Pavement disturbed, including cutting and replacing pavement pavement base, and sidewalks.
8. Permits.
9. Protection of street openings.
10. Service switch.
11. Suspension wire.

360. Meters.

A. This account shall include the cost installed of meters or de vices and appurtenances thereto, for use in measuring the electricity delivered to its users, whether actually in service or held in reserve.

B. When a meter is permanently retired from service, the installed cost thereof shall be credited to this account.

C. The records covering meters shall be so kept that the utility can furnish information as to the number of meters of various capacities in service and in reserve as well as the location of each meter owned.

ITEMS

1. Alternating current watt-hour meters.
2. Current limiting devices.
3. Demand indicators.
4. Demand meters.
5. Direct current watt-hour meters.
6. Graphic demand meters.
7. Installation, labor of (first installation only).
8. Instrument transformers.
9. Maximum demand meters.

10. Meter badges and their attachments.
11. Meter boards and boxes.
12. Meter fittings, connections, and shelves (first set).
13. Meter switches and cut-outs.
14. Prepayment meters.
15. Protective devices.
16. Testing new meters.

NOTE A.—This account shall not include meters for recording output of a generating station, substation meters, etc. It includes only those meters used to record energy delivered to customers.

NOTE B.—The cost of removing and resetting meters shall be charged to Account 762, Services on Customers' Premises.

361. Installations on Customers' Premises.

This account shall include the cost installed of equipment on the customer's side of a meter when the utility incurs such cost and when the utility retains title to and assumes full responsibility for maintenance and replacement of such property. This account shall not include leased equipment, for which see Account 362, Leased Property on Customers' Premises.

ITEMS

1. Cable vaults.
2. Commercial lamp equipment.
3. Foundations and settings specially provided for equipment included herein.
4. Frequency changer sets.
5. Motor generator sets.
6. Motors.
7. Switchboard panels, high or low tension.
8. Wire and cable connections to incoming cables.

NOTE.—Do not include in this account any costs incurred in connection with merchandising, jobbing, or contract-work activities.

362. Leased Property on Customers' Premises.

This account shall include the cost of electric motors, transformers, and other equipment on customers' premises (including municipal corporations), leased or loaned to customers, but not including property held for sale.

NOTE A.—The cost of setting and connecting such appliances or equipment on the premises of customers and the cost of resetting or removal shall not be charged to this account but to operating expenses, Account 762, Services on Customers' Premises.

NOTE B.—Do not include in this account any costs incurred in connection with merchandising, jobbing, or contract-work activities.

363. Street Lighting and Signal Systems.

This account shall include the cost installed of equipment used wholly for public street and highway lighting or traffic, fire alarm, police, and other signal systems.

ITEMS

1. Armored conductors, buried or submarine, including insulators, insulating materials, splices, trenching, etc.
2. Automatic control equipment.
3. Conductors, overhead or underground, including lead or fabric covered, parking cables, etc., including splices, insulators, etc.
4. Lamps, arc, incandescent, or other types, including glassware, suspension fixtures, brackets, etc.

5. Municipal inspection.
6. Ornamental lampposts.
7. Pavement disturbed, including cutting and replacing pavement; pavement base, and sidewalks.
8. Permits.
9. Posts and standards.
10. Protection of street openings.
11. Relays or time clocks.
12. Series contactors.
13. Switches.
14. Transformers, pole or underground.

GENERAL PLANT

370. Land and Land Rights.

A. This account shall include the cost of land and land rights used for electric plant purposes, the cost of which is not properly includible in other land and land rights accounts. (See electric plant instruction 9.)

B. Records shall be kept to show separately the cost of land and land rights devoted to the following uses: Office, transportation, stores, shops, laboratories, communication, and miscellaneous.

371. Structures and Improvements.

A. This account shall include the cost in place of structures and improvements used for electric plant purposes, the cost of which is not properly includible in other structures and improvements accounts. (See electric plant instruction 10.)

B. Records shall be kept to show separately the cost of structures and improvements devoted to the following uses: Office, transportation, stores, shop, laboratory, communication, and miscellaneous.

372. Office Furniture and Equipment.

A. This account shall include the cost of all office furniture and equipment owned by the utility and devoted to electric service, and not permanently attached to buildings, except the cost of such furniture and equipment which the utility elects to assign to other plant accounts (such as Account 325, Miscellaneous Power Plant Equipment) on a functional basis. Articles of slight value or short service life acquired subsequent to the commencement of operations shall be charged to the appropriate operating expense account and not to this account.

B. If the utility has equipment includible in this account at more than one location, separate records shall be maintained for each location.

ITEMS

1. Bookcases and shelves.
2. Desks, chairs, and desk equipment.
3. Drafting-room equipment.
4. Filing, storage, and other cabinets.
5. Floor covering.
6. Library and library equipment.
7. Mechanical office equipment, such as accounting machines, typewriters, etc.
8. Safes.
9. Tables.

373. Transportation Equipment.

A. This account shall include the cost of transportation and garage equipment, when such equipment is not an integral part of the housing structure.

B. If the utility has garage equipment at more than one location, separate records shall be maintained for each location.

ITEMS

1. Airplanes and other aviation equipment.
2. Automobile repair shop equipment.
3. Automobiles.
4. Battery-charging equipment.
5. Bicycles.
6. Drays.
7. Electric vehicles.
8. Gasoline and oil pumps (portable).
9. Gasoline storage tanks.
10. Greasing tools and equipment.
11. Horses, wagons, and harness.
12. Horseshoeing equipment.
13. Motor trucks.
14. Motorcycles.
15. Oil storage tanks.
16. Repair cars or trucks.
17. Tractors.
18. Trailers.
19. Trucks.
20. Other garage or stable equipment.

374. Stores Equipment.

A. This account shall include the cost of equipment used for the receiving, shipping, handling, and storage of materials and supplies.

B. If the utility has equipment includible in this account at more than one location, separate records shall be maintained for each location.

ITEMS

1. Chain falls.
2. Counters.
3. Cranes (portable).
4. Elevating and stacking equipment (portable).
5. Hoists.
6. Lockers.
7. Scales.
8. Shelving.
9. Storage bins.
10. Trucks, hand and power driven.
11. Wheelbarrows.

375. Shop Equipment.

A. This account shall include the cost installed of all equipment specially provided for general shops, when such equipment is not an integral part of the housing structure.

B. If the utility has equipment includible in this account at more than one location, separate records shall be maintained for each location.

ITEMS

1. Anvils.
2. Belts, shafts, and countershafts.
3. Boilers.
4. Cranes and hoists.
5. Drill presses.
6. Electric equipment.
7. Engines.
8. Forges.
9. Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
10. Furnaces.
11. Gas producers.
12. Lathes.
13. Machine tools.
14. Motor-driven hand tools.
15. Motors and engines.
16. Pipe threading and cutting machines.
17. Pneumatic tools.
18. Smithing equipment.
19. Tool racks.
20. Vises.
21. Work benches, etc.

376. Laboratory Equipment.

A. This account shall include the cost installed of laboratory equipment used for general laboratory purposes and not specially provided for or includible in other departmental or functional plant accounts.

B. If the utility has equipment includible in this account at more than one location, separate records shall be maintained for each location.

ITEMS

1. Ammeters.
2. Current batteries.
3. Frequency changers.
4. Galvanometers.
5. Inductometers.
6. Laboratory standard millivolt meters.
7. Laboratory standard volt meters.
8. Meter-testing equipment.
9. Millivolt meters.
10. Motor generator sets.
11. Panels.
12. Phantom loads.
13. Portable graphic ammeters, voltmeters, and wattmeters.
14. Portable loading devices.
15. Potential batteries.
16. Potentiometers.

17. Rotating standards.
18. Standard cell, reactance, resistor, and shunt.
19. Switchboards.
20. Synchronous timers.
21. Testing panels.
22. Testing resistors.
23. Transformers.
24. Voltmeters.
25. Other testing, laboratory, or research equipment not provided for elsewhere.

377. Tools and Work Equipment.

This account shall include the cost of tools, implements, and equipment used in construction or repair work exclusive of equipment includible in other equipment accounts.

ITEMS

1. Air compressors, including driving unit and vehicle.
2. Boilers.
3. Cable pulling equipment.
4. Concrete mixers and distributors.
5. Derricks.
6. Engines.
7. Forges.
8. Furnaces.
9. Hoists.
10. Ladders.
11. Lathes.
12. Motors.
13. Pile drivers.
14. Pipe machines.
15. Power saws.
16. Pumps.
17. Riveters.
18. Tool racks.
19. Vises.
20. Work benches, etc.

378. Communication Equipment.

This account shall include the cost installed of telephone, telegraph, and wireless equipment for general use in connection with the utility's electric operations.

ITEMS

1. Antennae.
2. Booths.
3. Cables.
4. Distributing boards.
5. Extension cords.
6. Gongs.
7. Hand sets, manual and dial.
8. Insulators.

9. Intercommunicating sets.
10. Loading coils.
11. Operators' desks.
12. Poles and fixtures used wholly for telephone or telegraph wire.
13. Radio transmitting and receiving sets.
14. Remote control equipment and lines.
15. Sending keys.
16. Storage batteries.
17. Switchboards.
18. Telautograph circuit connections.
19. Telegraph receiving sets.
20. Telephone and telegraph circuits.
21. Testing instruments.
22. Towers.
23. Underground conduit used wholly for telephone or telegraph wires and cable wires.

379. Miscellaneous Equipment.

This account shall include the cost of equipment, apparatus, etc. used and useful in the utility's electric operations, and which is not includible in any other account of this system of accounts.

ITEMS

1. Billiard tables, including equipment.
2. Bowling alleys, including equipment.
3. Hospital and infirmary equipment.
4. Kitchen equipment.
5. Miscellaneous recreation equipment.
6. Radios.
7. Restaurant equipment.
8. Soda fountains.
9. Operators' cottage furnishings.
10. Other miscellaneous equipment.

NOTE.—General equipment of the nature indicated above wherever practicable shall be assigned to the electric plant accounts on a functional basis. Thus, to illustrate, recreation equipment at a hydraulic power generating station for the benefit of the station employees shall be included in Account 325, Miscellaneous Power Plant Equipment.

390. Other Tangible Property.

This account shall include the cost of tangible electric plant not provided for elsewhere.

391. Electric Plant Purchased.

A. This account shall include the cost of electric plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, pending the distribution thereof to the appropriate accounts in accordance with electric plant instructions.

B. Within six (6) months from the date of acquisition of property recorded herein, there shall be filed with the Commission the proposed journal entries to clear from this account the cost to the utility of the property acquired.

392. Electric Plant Sold.

A. This account shall be credited temporarily with the selling price of electric plant, constituting an operating unit or system, sold, conveyed, or transferred to another through sale, merger, consolidation, or otherwise, pending the completion of the accounting for the transaction as provided in electric plant instruction 12.

B. Within six (6) months from the date of sale or transfer of the property there shall be filed with the Commission the proposed journal entries to clear from this account the amounts recorded herein.

393. Donations in Aid of Construction—Credit.

This account shall be kept only by licensees. There shall be included herein donations from States, municipalities, individuals, or others which have been expended for project plant, or assigned to the plant accounts of a project, concurrent debits being made to Account 265, Contributions in Aid of Construction. (See sec. 3, subsec. 13, of the Federal Power Act, and Account 265.)

INSTRUCTIONS—EARNED SURPLUS ACCOUNT

1. Purpose of Earned Surplus Account.

The earned surplus account is the collective title for a group of accounts which form the connecting link between the income account and the balance sheet. The several accounts thereof (400 to 414) are designed to show the changes in earned surplus or deficit during each calendar year resulting from (a) the operations and other transactions during the period as reflected in the income accounts, (b) appropriations or other reservations of earned surplus for specific purposes, (c) accounting adjustments not properly attributable to the period, (d) miscellaneous gains and losses not accounted for elsewhere, and (e) appropriations for dividends.

EARNED SURPLUS ACCOUNT

CREDITS

271. Earned Surplus (at beginning of period).
400. Credit Balance Transferred from Income Account.
401. Miscellaneous Credits to Surplus.
Total Credits.

DEBITS

410. Debit Balance Transferred from Income Account.
411. Dividend Appropriations—Preferred Stock.
412. Dividend Appropriations—Common Stock.
413. Miscellaneous Reservations of Surplus.
414. Miscellaneous Debits to Surplus.
Total Debits.
271. Earned Surplus (at end of period).

EARNED SURPLUS ACCOUNT

CREDITS

400. Credit Balance Transferred From Income Account.

This account shall include the net credit balance transferred from the income account for the year.

401. Miscellaneous Credits to Surplus.

A. This account shall include all credits affecting the earned surplus or deficit not provided for elsewhere. Among the items which shall be credited to this account are:

(1) Credits for amounts previously written off through charges to earned surplus.

(2) Delayed income, operating revenue, and operating expense credits as provided in general instruction 6.

(3) Profits on retirements of the utility's debt securities. (See balance sheet instruction 6.)

B. All items included in this account shall be sufficiently described in the entries relating thereto as to identify them with all accounts affected, and if the credits relate to prior years the amount applicable to each fiscal year shall be shown.

DEBITS

410. Debit Balance Transferred From Income Account.

This account shall include the net debit balance transferred from the income account for the year.

411. Dividend Appropriations—Preferred Stock.

A. This account shall include amounts declared payable out of surplus or earnings as dividends on actually outstanding preferred or prior lien capital stock issued by the utility, or the amounts credited to a reserve for dividends.

B. Dividends shall be segregated as to those payable in cash, stock, and other forms. If not payable in cash, the medium of payment shall be described with sufficient particularity to identify it.

C. This account shall be maintained or supported in such manner as to show separately the dividends on each class and series of preferred stock.

412. Dividend Appropriations—Common Stock.

A. This account shall include amounts declared payable out of surplus or earnings as dividends on actually outstanding common capital stock issued by the utility, or the amounts credited to a reserve for dividends.

B. Dividends shall be segregated as to those payable in cash, stock, and other forms. If not payable in cash, the medium of payment shall be described with sufficient particularity to identify it.

C. This account shall be maintained or supported in such manner as to show separately the dividends on each class and series of common stock.

413. Miscellaneous Reservations of Surplus.

A. This account shall include the reservations or appropriations of earned surplus for purposes not provided for elsewhere in this system of accounts.

B. The entries to this account shall show the nature of each reservation of surplus.

414. Miscellaneous Debits to Surplus.

A. This account shall include amounts chargeable to earned surplus not provided for elsewhere. Among the items which shall be charged hereto are:

(1) Amounts charged to earned surplus to cover past accrued depreciation and amortization not provided for.

(2) Decline in value of investments. (See balance sheet instruction 4.)

(3) Delayed income, operating revenue, and operating expense debits as provided in general instruction 6.

(4) Payments of amounts previously credited to earned surplus.

(5) Losses on reacquirement of utility's debt securities. (See balance sheet instruction 6.)

(6) Losses which are not properly chargeable to operating expenses or income and for which reserves have not been provided.

B. All items included in this account shall be sufficiently described in the entries relating thereto as to identify them with all accounts affected, and if the charges relate to prior years, the amount applicable to each fiscal year shall be shown.

INSTRUCTIONS—INCOME ACCOUNTS

1. Purpose of Income Accounts.

The income accounts (501 to 540) are designed to show for each month and each calendar year the operating revenues and expenses, the other income, the income deductions, the net income, the miscellaneous reservations of net income, and the amount of income or loss remaining for transfer to earned surplus.

2. Records for Other Income.

The records supporting the other income shall be so kept that the utility can furnish detailed statements of the revenues from each source and the expenses and other deductions related to such revenues.

3. Income From Sinking and Other Funds.

A. Interest and other revenues derived from funds carried in Account 113, Sinking Funds, and Account 114, Miscellaneous Special Funds, shall be credited to Account 525, Revenues from Sinking and Other Funds.

B. When the income is required by a mortgage or other provisions to be held in the fund from which the income arises, an amount equal to the income shall be added to the fund to which it is applicable.

C. When income derived from sinking funds and other special funds is required to be retained in the fund and the fund is represented by a reserve, the amount of such income accretions to the fund shall be credited to the appropriate reserve account and charged to Account 540, Miscellaneous Reservations of Net Income, or Account 418, Miscellaneous Reservations of Surplus, as appropriate.

4. Rents Includible in Income Accounts.

A. Rents which the utility receives from others for electric operating property the investment in which is properly includible in Account 100.2, Electric Plant Leased to Others, shall be recorded in Account 508, Income from Electric Plant Leased to Others. Rentals from electric property owned by the utility and properly includible in Account 100.1, Electric Plant in Service, shall be credited to Account 610, Rent from Electric Property.

B. All expenses, including the provision for depreciation and amortization, if any, applicable to property the income from which is included in Account 508, Income from Electric Plant Leased to Others, shall be charged to that account.

INCOME ACCOUNTS

UTILITY OPERATING INCOME

Electric Operating Income:
501. Operating Revenues.
Operating Revenue Deductions:
502. Operating Expenses.
503. Depreciation.
504. Amortization of Limited-Term Electric Investments.
505. Amortization of Electric Plant Acquisition Adjustments.
506. Property Losses Chargeable to Operations.
507. Taxes.
Total Operating Revenue Deductions.
Net Operating Revenues.
508. Income from Electric Plant Leased to Others.
Electric Operating Income.
509. Other Utility Operating Income.
Total Utility Operating Income.

OTHER INCOME

520. Income from Merchandising, Jobbing, and Contract Work.
521. Income from Non-Utility Operations.
522. Revenues from Lease of Other Physical Property.
523. Dividend Revenues.
524. Interest Revenues.
525. Revenues from Sinking and Other Funds.
526. Miscellaneous Non-Operating Revenues.
527. Non-Operating Revenue Deductions.
Total Other Income.
Gross Income.

INCOME DEDUCTIONS

530. Interest on Long-Term Debt.
531. Amortization of Debt Discount and Expense.
532. Amortization of Premium on Debt—Credit.
533. Taxes Assumed on Interest.
534. Interest on Debt to Associated Companies.
535. Other Interest Charges.
536. Interest Charged to Construction—Credit.
537. Miscellaneous Amortization.
538. Miscellaneous Income Deductions.
Total Income Deductions.
Net Income.

DISPOSITION OF NET INCOME

540. Miscellaneous Reservations of Net Income.
Balance Transferred to Earned Surplus.

UTILITY OPERATING INCOME

501. Operating Revenues.

Under this caption shall be included the total operating revenues shown in the primary revenue accounts 600 to 615, derived by the utility from its electric utility operations during the period covered by the income account.

502. Operating Expenses.

Under this caption shall be included the total expenses shown in accounts 701 to 809, incurred by the utility in its electric operations during the period covered by the income account.

503. Depreciation.

This account shall include the depreciation expense applicable to electric plant in service (account 100.1) for the period covered by the income account, except such depreciation expense as may be charged to clearing accounts or to construction work in progress. This account shall be subdivided as follows:

503.1 Depreciation of Steam Production Plant.
503.2 Depreciation of Hydraulic Production Plant.
503.3 Depreciation of Internal Combustion Engine Production Plant.
503.4 Depreciation of Transmission Plant.
503.5 Depreciation of Distribution Plant.
503.6 Depreciation of General Plant.

504. Amortization of Limited-Term Electric Investments.

This account shall include the amount of amortization expense for the period covered by the income account applicable to the amounts included in electric plant accounts for limited-term franchises, licenses, patent rights, and limited-term interests in land. The charges to this account shall be such as to distribute the book cost of each investment as evenly as may be over the period of its benefit to the utility. (See Account 251, Reserve for Amortization of Limited-Term Electric Investments.) This account shall be subdivided as follows:

504.1 Amortization of Steam Production Plant.
504.2 Amortization of Hydraulic Production Plant.
504.3 Amortization of Internal Combustion Engine Production Plant.
504.4 Amortization of Transmission Plant.
504.5 Amortization of Distribution Plant.
504.6 Amortization of General Plant.

505. Amortization of Electric Plant Acquisition Adjustments.

A. This account shall be debited or credited, as the case may be, with amounts includible in operating revenue deductions for the purpose of providing for the extinguishment of the amount in Account 100.5, Electric Plant Acquisition Adjustments, pursuant to approval or order of the Commission.

B. Amounts recorded in this account shall be concurrently debited or credited, as the case may be, to Account 252, Reserve for Amortization of Electric Plant Acquisition Adjustments.

506. Property Losses Chargeable to Operations.

This account shall be charged with amounts credited to Account 141, Extraordinary Property Losses, when the Commission has authorized the amount in the latter account to be amortized by charges to operations.

507. Taxes.

A. This account shall include the amount of Federal, State, county, municipal, and other taxes, which are properly chargeable to electric operations. (See Account 228.)

B. This account shall be charged each month with the amount of taxes which are applicable thereto, and concurrent credits shall be made to Account 228, Taxes Accrued. When it is necessary to apportion taxes to electric operations, full details as to the methods of and facts considered in the apportionment shall be recorded.

C. When it is not possible to determine the exact amount of taxes the amount shall be estimated and the estimate for the period charged to this account, and adjustments shall be made as the actual tax levies become known.

D. Taxes assumed by the utility on property leased from others for use in electric operations shall be charged to the appropriate rent expense or clearing account.

E. The charges to this account shall be so made or supported as to show the amount of each kind of tax and the basis upon which each charge is made.

NOTE A.—Gasoline and other sales taxes shall be charged, as far as practicable, to the account to which the material on which the tax is levied is charged.

NOTE B.—Taxes assumed by the utility on interest shall be charged to Account 533, Taxes Assumed on Interest.

NOTE C.—Taxes on non-operating property the income from which is included in Account 521, Income from Non-Utility Operations, shall be charged to that account, and taxes on property the income from which is included in Account 522, Revenues from Lease of Other Physical Property, shall be charged to Account 527, Non-operating Revenue Deductions.

NOTE D.—Taxes on property leased to others, the revenue from which is included in Account 508, Income from Electric Plant Leased to Others, shall be charged to that account.

NOTE E.—For taxes chargeable to merchandising, jobbing, and contract work and to clearing accounts, see account 789 and accounts 901 to 905.

NOTE F.—Amounts payable annually or more frequently under the terms of franchises, shall be included in Account 805, Franchise Requirements.

NOTE G.—Special assessments for street and similar improvements shall be included in the electric plant account in which the property with which the taxes are identified is included.

NOTE H.—Taxes applicable to electric construction shall be charged to Account 100.3, Construction Work in Progress.

508. Income From Electric Plant Leased to Others.

A. This account shall include the rental income from electric property constituting a distinct operating unit or system leased by the utility to others, and which property is properly includible in Account 100.2, Electric Plant Leased to Others.

B. This account shall be subdivided as follows:

508.1. Revenues from Plant Leased to Others.
508.2. Expenses of Plant Leased to Others.

C. This account shall be so kept or supported as to show separately the following for each lease:

1. Rentals.
2. Expenses.
3. Depreciation and amortization.
4. Taxes.
5. Uncollectible rents.

509. Other Utility Operating Income.

A. Under this caption shall be included the revenues received and expenses incurred in connection with the operations of utility plant, the book cost of which is included in Account 108, Other Utility Plant.

B. The expenses shall include every element of cost incurred in such operations, including depreciation, rents, taxes, and insurance.

OTHER INCOME

520. Income From Merchandising, Jobbing, and Contract Work.

A. This account shall include all revenues derived from, and expenses incurred in, the sale of merchandise, and jobbing or contract work, including any profit or commissions accruing to the utility on jobbing work performed by it as agent under agency contracts, whereunder it undertakes to do jobbing work for another for a stipulated profit or commission.

B. The account shall be subdivided as follows:

520.1 Revenues from Merchandising, Jobbing, and Contract Work.

520.2 Costs and Expenses of Merchandising, Jobbing, and Contract Work.

Account 520.2 shall be further subdivided so as to show the major items of costs and expenses.

NOTE.—The income from electric merchandising, jobbing, and contract work shall be reported in this account, if a State regulatory body having jurisdiction over the utility requires such income to be reported as other income; but the amount shall be reported in Account 789, Merchandising, Jobbing, and Contract Work, if such regulatory body requires the income to be reported as an operating income or expense item. In the absence of a requirement by a State regulatory body, the utility may use this account or account 789 at its option, in which case the practice of the utility must be consistent. (See account 789 for list of items.)

521. Income From Non-Utility Operations.

A. This account shall include the revenues from and the expenses incurred in non-utility operations.

B. The expenses shall include every element of cost incurred in such operations, including depreciation, rents, taxes, and insurance.

522. Revenues From Lease of Other Physical Property.

A. This account shall include all rent revenues from land, buildings, or other property not devoted to utility operations.

B. All expenses, such as repairs, depreciation, taxes, uncollectible rents, etc., incurred in connection with the property leased, shall be charged to Account 527, Non-Operating Revenue Deductions.

523. Dividend Revenues.

This account shall include the revenues derived by the utility from dividends on stocks of other companies.

NOTE A.—No amount representing dividends receivable shall be included in this account unless the dividends have been declared or guaranteed.

NOTE B.—No dividends on reacquired securities issued or assumed by the utility shall be included in this account.

NOTE C.—Dividend revenues from securities held in sinking or other special funds shall not be credited to this account but to Account 525, Revenues from Sinking and Other Funds.

524. Interest Revenues.

Report by this caption the amounts included in accounts 524.1 and 524.2.

524.1 Interest on Securities Owned.

This account shall include interest revenues on investments in securities of other companies.

NOTE A.—Interest accrued shall not be credited to this account unless its payment is reasonably assured.

NOTE B.—Interest on reacquired securities issued or assumed by the utility shall not be credited to this account.

NOTE C.—Interest on securities held in sinking or other special funds shall not be included in this account but in Account 525, Revenues from Sinking and Other Funds.

NOTE D.—This account may include for each month the applicable amount requisite to extinguish (during the interval between the date of acquisition and the date of maturity) the difference between the cost to the utility and the par value of securities on which the interest is received. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried. (See Balance sheet instruction 4.)

524.2 Other Interest Revenues.

This account shall include interest revenues on loans, notes, advances, special deposits; and all other interest-bearing assets, except as provided in account 524.1.

NOTE.—Interest accrued shall not be credited to this account unless its payment is reasonably assured.

525. Revenues From Sinking and Other Funds.

A. This account shall include all revenues (whether interest or dividends) accrued on cash, securities, or other assets held in Account 113, Sinking Funds, and Account 114, Miscellaneous Special Funds.

B. This account may include for each month the applicable amount requisite to extinguish (during the interval between the date of acquisition and the date of maturity) the difference between the cost to the utility and the par value of debt securities held in sinking or other funds. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried. (See Balance sheet instruction 4.)

C. This account covers all revenues from sinking and other funds carried in accounts 113 and 114, whether or not such revenues are required to be retained in the funds. If the revenues are required to be retained in a special fund and the fund is represented by a reserve, the amount of such accretions to the fund shall be concurrently credited to the appropriate reserve account and charged to Account 540, Miscellaneous Reservations of Net Income, or Account 413, Miscellaneous Reservations of Surplus, as appropriate.

526. Miscellaneous Non-Operating Revenues.

This account shall include all revenue items, properly includible in the income account and not provided for elsewhere.

ITEMS

1. Fees collected in connection with the exchange of coupon bonds for registered bonds.
2. Profits from operations of others realized by the utility under contracts.

527. Non-Operating Revenue Deductions.

A. This account shall include the expenses, taxes, and uncollectible bills applicable to the period covered by the income account which are associated or incurred in connection with the revenues which are includible in accounts 522 to 526, inclusive.

B. This account shall be maintained or supported in such manner as to disclose the expenses or deductions applicable to each non-operating revenue account.

INCOME DEDUCTIONS

530. Interest on Long-Term Debt.

A. This account shall include in each accounting period the amount of interest applicable thereto on outstanding long-term debt issued or assumed by the utility, the liability for which is included in Account 210, Bonds; Account 211, Receivers' Certificates; or Account 213, Miscellaneous Long-Term Debt.

B. The amount charged to this account shall be credited concurrently to Account 229.1, Interest Accrued on Long-Term Debt.

C. This account shall be so kept or supported by other records as to show the interest accruals on each class and series of long-term debt.

Note.—This account shall not include interest on nominally issued or nominally outstanding long-term debt, including securities assumed.

531. Amortization of Debt Discount and Expense.

A. This account shall include in each accounting period the portion of unamortized debt discount and expense on outstanding long-term debt which is applicable to such period.

B. The amount of unamortized debt discount and expense chargeable to each accounting period shall be determined in accordance with balance sheet instruction 6.

C. Amounts charged to this account shall be credited concurrently to account 140, Unamortized Debt Discount and Expense.

532. Amortization of Premium on Debt—Credit.

A. This account shall include in each accounting period the portion of unamortized premium on outstanding long-term debt which is applicable to such period.

B. The amount of unamortized premium on debt includible in each accounting period shall be determined in accordance with balance sheet instruction 6.

C. Amounts credited to this account shall be charged concurrently to Account 240, Unamortized Premium on Debt.

533. Taxes Assumed on Interest.

This account shall include amounts paid to holders of the bonds or other indebtedness of the utility, or amounts paid to governmental agencies in their behalf in respect to income and other taxes levied against the income from such debt or levied as a tax on ownership of the debt, where such taxes are assumed by the utility.

534. Interest on Debt to Associated Companies.

There shall be reported by this caption the amounts included in accounts 534.1 and 534.2.

534.1 Interest on Advances From Associated Companies.

A. This account shall include interest accrued on advances from associated companies and included in Account 212, Advances from Associated Companies.

B. The records supporting the entries to this account shall be so kept as to show to whom the interest is to be paid, the period covered by the accrual, the rate of interest, and the principal amount of the advances on which the interest is accrued.

534.2 Interest on Other Debt to Associated Companies.

A. This account shall include interest accrued on amounts recorded in Account 223.1, Notes Payable to Associated Companies, on amounts recorded in Account 223.2, Accounts Payable to Associated Companies, and on any other obligation to associated companies, except advances from such companies, the interest on which shall be included in account 534.1.

B. The records supporting the entries to this account shall be so kept as to show to whom the interest is to be paid, the period covered by the accrual, the rate of interest, the nature of the obligation on which accrued, and the account or accounts credited with the accrual.

535. Other Interest Charges.

A. This account shall include all interest charges not provided for elsewhere.

B. A list of some of the items of indebtedness, the interest on which is chargeable to this account, follows:

1. Assessments for public improvements past due.
2. Claims and judgments.
3. Customers' deposits.
4. Notes payable on demand or maturing one year or less from date, except notes payable to associated companies.
5. Open accounts, except with associated companies.
6. Tax assessments past due.

536. Interest Charged to Construction—Credit.

This account shall include concurrent credits for interest charged to construction in accordance with electric plant instruction 5(17).

537. Miscellaneous Amortization.

This account shall include amortization expenses not elsewhere provided for in this system of accounts, and also such amounts as the Commission may, by order, require to be included herein, such as amortization of amounts in Account 100.5, Electric Plant Acquisition Adjustments.

538. Miscellaneous Income Deductions.

This account shall include miscellaneous debits to income, not provided for elsewhere.

ITEMS

1. Decline in value of investments. (See Balance sheet instruction 4.)
2. Donations.
3. Expenditures for associated companies for which the utility will not be reimbursed.

DISPOSITION OF NET INCOME

540. Miscellaneous Reservations of Net Income.

A. This account shall include reservations of net income, such as may be required under the terms of mortgages, deeds of trust, orders of courts, contracts, or other agreements, and other reservations of net income.

B. Amounts charged to this account shall be credited concurrently to the appropriate reserve account.

C. The entries in this account shall show the nature of each reservation of income.

INSTRUCTIONS—OPERATING REVENUE ACCOUNTS

1. Purpose of Operating Revenue Accounts.

The operating revenue accounts (600 to 615) are designed to show the amounts of money which the utility becomes entitled to receive from furnishing electric utility service and from service incidental thereto, including amounts for services rendered but not yet billed where the utility exercises its option and records on its books such accrued electric revenue. (See Account 130, Accrued Utility Revenues.)

2. Basis of Credits to Operating Revenue Accounts.

Credits to the operating revenue accounts shall be made on the basis of the net price charged. Discounts forfeited and penalties charged for delayed payments shall be credited to Account 612, Customers' Forfeited Discounts and Penalties. Corrections of overcharges and overcollections theretofore credited, authorized abatements and allowances, and other corrections shall be charged to the revenue accounts to which they relate.

3. Commissions on Electric Sales.

If the utility distributes all or a part of its electric energy through an agent but the sales are made to consumers under rate schedules filed by the utility, then the utility shall credit its revenue accounts with the full amount of sales to consumers. The commission paid to the agent shall be charged to Account 804, Commissions Paid Under Agency Sales Contracts, and any distribution expenses charged by the agent shall be debited to the appropriate expense accounts. Agents shall credit the amount of commissions earned to operating revenue Account 615, Miscellaneous Electric Revenues.

4. Electricity Supplied Without Direct Charge.

Electricity supplied to municipalities, or to other governmental units, without charge, in accordance with franchise and similar requirements, shall be charged to Account 805, Franchise Requirements, and credited concurrently to Account 806, Duplicate Miscellaneous Charges—Credit.

5. Electricity Used by Utility.

A. If the utility desires to charge the appropriate accounts in any of its electric operations with the cost of electricity used from its own supply, the credit therefor shall not be made to operating revenue accounts, but to Account 806, Duplicate Miscellaneous Charges—Credit.

B. Electricity supplied by the utility from its own supply to other departments shall be accounted for in the following manner: If the energy is supplied under a definite arrangement whereby the actual costs, by accounts, are allocated between or among the departments using the energy, the credit in the accounts of the electric

department shall be made to the appropriate joint expense credit account or accounts, except that the amount of any return or interest and the amount of depreciation and taxes charged against the other departments shall be credited to Account 611, Interdepartmental Rents. If the charges are at tariff or other specified rates for the energy supplied, then the entire amount charged shall be credited to Account 607, Interdepartmental Sales.

6. Supporting Records.

Each utility shall so keep the records supporting the entries to each electric operating revenue account that it can furnish (1) the name of each customer, (2) the quantity of electric energy furnished to each customer, (3) the amount charged for electric energy furnished each customer, and (4) the rate schedule or schedules under which the charge is made. Each utility shall also be prepared to report upon request, within a reasonable time, for each month or other billing period and for each year, the quantity of energy sold and the charges therefor, by rate schedules.

7. Segregation of Sales to Associated Companies.

The utility shall keep its records in such manner as to be able to report the amount of sales, by rate schedules, and the kilowatt-hours sold to each associated company.

OPERATING REVENUE ACCOUNTS

SALES OF ELECTRIC ENERGY

600. Residential or Domestic Sales.
601. Rural Sales.
602. Commercial and Industrial Sales.
603. Public Street and Highway Lighting.
604. Other Sales to Public Authorities.
605. Sales to Other Electric Utilities.
606. Sales to Railroads and Railways.
607. Interdepartmental Sales.
608. Other Sales.

OTHER ELECTRIC REVENUES

610. Rent from Electric Property.
611. Interdepartmental Rents.
612. Customers' Forfeited Discounts and Penalties.
613. Sales of Water and Water Power.
614. Servicing of Customers' Installations.
615. Miscellaneous Electric Revenues.

OPERATING REVENUE ACCOUNTS

SALES OF ELECTRIC ENERGY

600. Residential or Domestic Sales.

A. This account shall include revenues from electric energy supplied for residential or domestic purposes.

B. When electric energy supplied through a single meter is used for both residential and commercial purposes, the total revenue shall be included in this account, or Account 602, Commercial and Industrial Sales, according to the principal use.

NOTE.—Exclude from this account and include in Account 601, Rural Sales, revenues from electric energy supplied to rural and farm customers under rate schedules which are applicable to rural and farm customers only.

601. Rural Sales.

This account shall include revenues from electric energy supplied to rural and farm customers and billed under distinct rural or farm rates.

602. Commercial and Industrial Sales.

A. This account shall include revenues from electric energy supplied for commercial and industrial purposes.

B. When electricity supplied through a single meter is used for both commercial and residential purposes, the total revenue shall be included in this account, or in Account 600, Residential or Domestic Sales, according to the principal use.

603. Public Street and Highway Lighting.

This account shall include revenues from electric energy supplied and services rendered for the purpose of lighting streets, highways, parks, and other public places for municipalities or other divisions or agencies of State or Federal Governments.

604. Other Sales to Public Authorities.

This account shall include the revenues from the sale of electric energy supplied to municipalities or divisions or agencies of Federal or State Governments, under special contracts or agreements or service classifications applicable only to public authorities, except such revenues as are includible in accounts 603 and 605.

605. Sales to Other Electric Utilities.

A. This account shall include revenues from electric energy supplied to other electric utilities or to public authorities for distribution.

B. Revenues from electric energy supplied to other public utilities for use by them and not for distribution shall be included in the Account 602, Commercial and Industrial Sales, unless supplied under the same contract as and not readily separable from revenues includible in this account.

606. Sales to Railroads and Railways.

This account shall include revenues derived from electric energy supplied to railroads and interurban and street railways for general railroad use, including the propulsion of cars or locomotives, where such energy is supplied under separate and distinct rate schedules.

607. Interdepartmental Sales.

This account shall include the amounts charged to other departments of the utility by the electric department for energy supplied by the latter, if the charges are at tariff or other specified rates for the energy supplied. (See operating revenue instruction 5 and Account 611, Interdepartmental Rents.)

608. Other Sales.

This account shall include revenues derived from electric energy supplied users and which are not properly includible in the revenue accounts 600 to 607, inclusive.

OTHER ELECTRIC REVENUES

610. Rent From Electric Property.

A. This account shall include rents received for the use by others of land, buildings, and other property devoted to electric operations by the utility. This covers such matters as rent from pole attachments, buildings, stations, land, etc.

B. When any company employs some of its electric plant for the benefit of another or others under a definite arrangement for apportioning the actual expenses by accounts among the several participants in the arrangement, and such arrangement provides for the receipt by the accounting utility of any profit or return upon its property, such profit or return, together with the amount of depreciation and taxes charged to another or others pursuant to the arrangement, shall be credited to this account. (See operating expense instruction 6.)

NOTE.—Do not include rents from property constituting an operating unit or system in this account. (See Account 508, Income from Electric Plant Leased to Others.)

611. Interdepartmental Rents.

This account shall include the rents creditable to the electric department on account of rental charges made against other departments of the utility. In the case of property operated under a definite arrangement to allocate the costs, by accounts, among the departments using the property, the reimbursement to the electric department for operating and maintenance expenses shall be credited to the appropriate joint expense credit account or accounts, but the reimbursement for interest or return and depreciation and taxes shall be credited to this account. (See operating expense instruction 6.)

NOTE.—Charges for energy supplied other departments at tariff or other specified rates shall not be included in this account but in Account 607, Interdepartmental Sales. (See operating revenue instruction 5.)

612. Customers' Forfeited Discounts and Penalties.

This account shall include the amounts which the utility allows its customers on condition that they pay their electric bills on

before a specified date and which are forfeited by the customers because of failure to pay within the specified time, as well as the amounts of penalties imposed by the utility on its customers because of failure to pay bills within a specified time.

613. Sales of Water and Water Power.

A. This account shall include revenues derived from the sale of water for irrigation, domestic, industrial, or other uses, or for the development by others of water power; also, revenues derived from furnishing water power for mechanical purposes when the investment in the property used in supplying such water or water power is carried in Account 100.1, Electric Plant in Service.

B. The records for this account shall be kept in such manner as to permit an analysis of the rates charged and the purposes for which the water was used, such as city water supply, development of electricity by other utilities, industrial uses, irrigation, etc.

614. Servicing of Customers' Installations.

This account shall include revenues accruing to the utility from charges to customers on account of the maintenance of appliances, wiring, piping, or other installations on customers' premises.

615. Miscellaneous Electric Revenues.

This account shall include revenues derived from electric operations not includible in any of the foregoing accounts. This covers such items as fees and charges for changing, connecting, and disconnecting service, profit on the sale of materials and supplies not ordinarily purchased for resale, commissions on sales or distribution of others' electric energy (sold under rates filed by such others), management or supervision fees, sale of steam (except where the utility furnishes steam-heating service), and rentals from property included in Account 362, Leased Property on Customers' Premises.

INSTRUCTIONS—OPERATING EXPENSE ACCOUNTS

1. Purpose of Operating Expense Accounts.

The operating expense accounts (701 to 809) are designed to show in detail the cost (except depreciation, amortization, certain property losses, and taxes) of furnishing electric utility service. (See general instructions 6 and 7).

2. Maintenance, Cost of.

A. The cost of maintenance chargeable to the various operating expense accounts and to clearing accounts includes labor, materials, overhead, and other expenses incurred in maintenance work, such as:

(1) Associated costs of local plant supervision.

(2) Cost of transportation, shop and stores expense, and use of tools and implements.

(3) Cutting and replacing pavement, pavement base, and sidewalks in connection with repairs.

(4) Inspecting and testing after repairs have been made.

(5) Inspecting, testing (except routine tests of transformers and meters), and reporting on the condition of electric plant in service specifically to determine the need for repairs, minor replacements, rearrangements, and changes.

(6) Replacing minor items of plant. (See electric plant instruction 12, C.)

(7) Rearranging and changing the location of property not retired.

(8) Repairing materials for reuse.

(9) Restoring the condition of property damaged by storms, breakage, floods, fire, accident, or other casualties. (See paragraph B, below.)

(10) Restoring the condition of property damaged by wear and tear, decay, or action of the elements. (See paragraph B, below.)

(11) Routine work (see also paragraph B, below) to prevent trouble, such as pulling up slack, tightening guys, and raking guy stubs, straightening poles and crossarms, and cleaning and adjusting equipment.

(12) Testing for, locating, and clearing trouble.

(13) Training employees for maintenance work.

B. The cost of maintenance does not include the cost of replacing items of property designated as "units of property." (See electric plant instruction 12.)

C. Materials recovered in connection with the maintenance of property shall be credited to the same account to which the maintenance cost was charged.

D. If the book cost of any property is carried in Account 391, Electric Plant Purchased, the cost of maintaining such property shall be charged to the accounts for maintenance of property of the same class and use, the book cost of which is carried in other electric

plant-in-service accounts. Maintenance of property leased from others shall be treated as provided in operating expense instruction 5.

3. Salvage and Insurance.

A. Salvage and insurance recovered in connection with maintenance jobs shall be credited to the appropriate maintenance accounts.

B. If the amount of insurance recovered is relatively large, and is received before the repairs have been completed, a disproportionate credit to operating expenses may be avoided by crediting the amount of the insurance recovered to a suspense account, to which the cost of repairs shall then be charged to the extent covered by insurance.

C. Insurance recovered in connection with personal injuries charged to Account 799, Injuries and Damages, shall be credited to that account.

D. Dividends distributed by mutual insurance companies shall be credited to the accounts to which the insurance premiums were charged.

E. Recoveries under fidelity bonds shall be credited to the account charged with the loss.

4. Supervision and Engineering.

The supervision and engineering includible in the operating expense accounts shall consist of the pay and expenses (company and railroad transportation, lodging, meals, taxi and car fares, and other traveling and incidental expenses) of superintendents, engineers, clerks, other employees, and consultants engaged in supervising and directing the operations and maintenance of each electric utility function; also office supplies and expenses, including the maintenance of office furniture and equipment. Wherever allocations are necessary in order to arrive at the amount to be included in any account, the method and basis of allocation shall be preserved.

5. Operating Rents.

A. Rent expense accounts are provided under each functional group of expense accounts. These accounts shall be charged with all rents paid for property used in electric operations. If the rents cover property used for more than one function, such as production and transmission, the rents shall be apportioned to the appropriate rent expense accounts on an actual, or, if necessary, an estimated basis.

B. Rents paid for property devoted to operations for which clearing accounts are used shall be charged to the appropriate clearing accounts.

C. The cost, when incurred by the lessee, of operating and maintaining leased property shall be charged to the accounts appropriate for the expense if the property were owned.

D. Taxes paid by the lessee upon leased property shall be charged to the appropriate rent expense or clearing account.

E. When the lessee is responsible for the replacement of electric plant leased from others, the cost of replacements shall be charged to the appropriate rent expense or clearing account, unless a reserve therefor has been provided, in which event the charge shall be to the reserve. (See electric plant instruction 7.)

F. When a portion of property or equipment rented from others for use in connection with electric operations is subleased, the revenue derived from such subleasing shall be credited to Account 610, Rent from Electric Property; provided, however, that in case the rent was charged to a clearing account, amounts received from subleasing the property shall be credited to such clearing account.

G. If leased property is used by more than one department, the rental on such property shall be apportioned to the appropriate rent or clearing accounts of the various departments of the utility.

H. Property operated jointly by the utility and another, or others, under a definite arrangement whereby the actual segregated costs are shared between or among the parties shall be considered for the purpose of this system of accounts as a joint facility, and the accounting in connection therewith shall be handled as provided in operating expense instruction 6 following.

6. Joint Facility Rents and Expenses.

A. A joint facility for the purpose of this system of accounts is defined as any property occupied or used jointly by the utility and another or others under a definite arrangement whereby the actual segregated costs are shared between or among the parties. Property of the utility occupied or used under a similar definite arrangement between the electric department and a coordinate department, or departments, shall likewise be considered as a joint facility. (See operating revenue instruction 5.)

B. Where the utility owns the joint facility, any amount received or transferred as reimbursement of operating or maintenance expenses shall be credited to the appropriate "joint expense—credit" or clearing account except credits for steam transferred, which shall be entered in Account 712, Steam Transferred—Credit; amounts received or transferred covering depreciation, taxes, and interest or return shall be credited, in the case of another or others, to Account 610, Rent from Electric Property, and in the case of coordinate departments to Account 611, Interdepartmental Rents.

C. Any amount paid by or transferred to the utility for occupancy or use of a joint facility shall be charged to the appropriate "joint expense—debit" or clearing account or accounts.

D. In the event that joint facilities are used by either party in connection with construction work, credits for the full amount received and charges for the full amount paid, as the case may be, shall be made direct to the construction accounts affected.

E. These instructions are not intended to cover cases of joint ownership of pole lines and other property where each joint owner bears the cost of operating and maintaining its own property. In such cases the cost of operation and maintenance shall be recorded in the appropriate operating expense accounts other than the "joint expense" debit or credit accounts even though one of the joint owners operates or maintains the property and bills against other owners for all or a portion of the expenses incurred.

F. Electricity supplied by the utility from its own supply to a coordinate department shall be accounted for as provided in operating revenue instruction 5. If the utility desires to charge the appropriate accounts in any of its electric operations with the cost

of electricity used from its own supply, credit therefor shall not be made to joint expense accounts but to Account 806, Duplicate Miscellaneous Charges—Credit.

G. If the arrangement regarding use of facilities does not provide for the allocation of actual segregated costs, the facilities shall not be considered as joint.

7. Records for Each Plant.

A. Separate records shall be maintained, by operating and maintenance accounts, for the direct cost of operating and maintaining each electric plant owned or operated. (See general instruction 12 for definition of "plant.")

B. If the utility generates electric energy by two or more different methods, such as by steam and water power, at the same location, each method shall be treated as a separate plant.

C. Electric energy obtained from another company shall be separately accounted for.

OPERATING EXPENSE ACCOUNTS

PRODUCTION EXPENSES

Electric Generation—Steam Power

OPERATION

B A 701. Operation Supervision and Engineering.
B 702. Station Labor.
A 702.1 Boiler Labor.
A 702.2 Prime Mover and Generator Labor.
A 702.3 Electric Labor.
A 702.4 Miscellaneous Station Labor.
B A 703. Fuel.
B A 704. Water.
B 705. Supplies and Expenses.
A 705.1 Lubricants.
A 705.2 Station Supplies.
A 705.3 Station Expenses.

MAINTENANCE

B A 706. Maintenance Supervision and Engineering.
B A 707. Maintenance of Structures and Improvements.
B 708. Maintenance of Boiler Plant Equipment.
A 708.1 Maintenance of Coal Storage, Handling, and Weighing Equipment.
A 708.2 Maintenance of Furnaces and Boilers.
A 708.3 Maintenance of Boiler Apparatus.
A 708.4 Maintenance of Steam Piping and Accessories.
B 709. Maintenance of Generating and Electric Equipment.
A 709.1 Maintenance of Prime Movers and Generators.
A 709.2 Maintenance of Accessory Electric Equipment.
A 709.3 Maintenance of Miscellaneous Power Plant Equipment.

MISCELLANEOUS

B A 710. Rents.
B A 711. Steam from Other Sources.
B A 712. Steam Transferred—Credit.
B A 713. Joint Expenses—Debit.
B A 714. Joint Expenses—Credit.

Electric Generation—Hydraulic Power

OPERATION

B A 715. Operation Supervision and Engineering.
B 716. Station Labor.
A 716.1 Hydraulic Labor.
A 716.2 Prime Mover and Generator Labor.
A 716.3 Electric Labor.
A 716.4 Miscellaneous Station Labor.
B A 717. Water for Power.
B 718. Supplies and Expenses.
A 718.1 Lubricants.
A 718.2 Station Supplies.
A 718.3 Station Expenses.

MAINTENANCE

B A 719. Maintenance Supervision and Engineering.
B A 720. Maintenance of Structures and Improvements.
B A 721. Maintenance of Reservoirs, Dams, and Waterways.
B 722. Maintenance of Generating and Electric Equipment.
A 722.1 Maintenance of Prime Movers and Generators.
A 722.2 Maintenance of Accessory Electric Equipment.
A 722.3 Maintenance of Miscellaneous Power Plant Equipment.
B A 723. Maintenance of Roads, Railroads, and Bridges.

MISCELLANEOUS

B A 724. Rents.
B A 725. Joint Expenses—Debit.
B A 726. Joint Expenses—Credit.

ELECTRIC GENERATION—INTERNAL COMBUSTION ENGINE POWER

OPERATION

B A 727. Operation Supervision and Engineering.
B 728. Station Labor.
A 728.1 Engine Labor.
A 728.2 Electric Labor.
A 728.3 Miscellaneous Station Labor.
B A 729. Engine Fuel.
B 730. Supplies and Expenses.
A 730.1 Water.
A 730.2 Lubricants.
A 730.3 Station Supplies.
A 730.4 Station Expenses.

MAINTENANCE

B A 731. Maintenance Supervision and Engineering.
B A 732. Maintenance of Structures and Improvements.
B A 733. Maintenance of Fuel Holders, Producers, and Accessories.
B 734. Maintenance of Generating and Electric Equipment.
A 734.1 Maintenance of Engines.
A 734.2 Maintenance of Generators.
A 734.3 Maintenance of Accessory Electric Equipment.
A 734.4 Maintenance of Miscellaneous Power Plant Equipment.

MISCELLANEOUS

B A 735. Rents.
B A 736. Joint Expenses—Debit.
B A 737. Joint Expenses—Credit.

OTHER PRODUCTION EXPENSES AND CREDITS

B A 738. Purchased Power.
B A 739. Interchange Power.
B A 740. Other Expenses.
B A 741. Joint Expenses—Debit.
B A 742. Joint Expenses—Credit.

TRANSMISSION EXPENSES

OPERATION

B A 743. Operation Supervision and Engineering.
B A 744. Load Dispatching Labor and Expenses.
B 745. Operation of Stations.
A 745.1 Station Labor.
A 745.2 Station Supplies and Expenses.
B 746. Operation of Lines.
A 746.1 Overhead Lines.
A 746.2 Underground Lines.

MAINTENANCE

B A 747. Maintenance Supervision and Engineering.
B A 748. Maintenance of Structures and Improvements.
B A 749. Maintenance of Station Equipment.
B 750. Maintenance of Overhead System.
A 750.1 Maintenance of Towers and Fixtures.
A 750.2 Maintenance of Poles and Fixtures.
A 750.3 Maintenance of Conductors and Devices.
B 751. Maintenance of Underground System.
A 751.1 Maintenance of Conduit.
A 751.2 Maintenance of Conductors and Devices.
B A 752. Maintenance of Roads and Trails.

MISCELLANEOUS

B A 753. Rents.
B A 754. Joint Expenses—Debit.
B A 755. Joint Expenses—Credit.

DISTRIBUTION EXPENSES

OPERATION

B A 756. Operation Supervision and Engineering.
B A 757. Load Dispatching Labor and Expenses.
B 758. Distribution Office Expenses.
A 758.1 Distribution Maps and Records.
A 758.2 Other Distribution Office Expenses.
B 759. Operation of Stations.
A 759.1 Station Labor.
A 759.2 Station Supplies and Expenses.
B 760. Operation of Storage Batteries.
A 760.1 Storage Battery Labor.
A 760.2 Storage Battery Supplies and Expenses.
B 761. Operation of Lines.
A 761.1 Overhead Lines.
A 761.2 Underground Lines.
A 761.3 Removing and Resetting Line Transformers.
B 762. Services on Customers' Premises.
A 762.1 Removing and Resetting Meters.
A 762.2 Other Services on Customers' Premises.
B 763. Operation of Street Lighting and Signal Systems.
A 763.1 Overhead Systems.
A 763.2 Underground Systems.

MAINTENANCE

B A 764. Maintenance Supervision and Engineering.
B A 765. Maintenance of Structures and Improvements.
B A 766. Maintenance of Station Equipment.
B A 767. Maintenance of Storage Battery Equipment.
B 768. Maintenance of Overhead System.
A 768.1 Maintenance of Poles, Towers, and Fixtures.
A 768.2 Maintenance of Conductors and Devices.
B 769. Maintenance of Underground System.
A 769.1 Maintenance of Conduit.
A 769.2 Maintenance of Conductors and Devices.
B A 770. Maintenance of Line Transformers and Devices.
B A 771. Maintenance of Services.
B A 772. Maintenance of Meters.
B A 773. Maintenance of Installations on Customers' Premises.
B A 774. Maintenance of Leased Property on Customers' Premises.
B A 775. Maintenance of Street Lighting and Signal Systems.

MISCELLANEOUS

B A 776. Rents.
B A 777. Joint Expenses—Debit.
B A 778. Joint Expenses—Credit.

CUSTOMERS' ACCOUNTING AND COLLECTING EXPENSES

A 779. Supervision.
A 780. Customers' Contracts, Orders, Meter Reading, and Collecting.
A 780.1 Customers' Contracts and Orders.
A 780.2 Credit Investigations and Records.
A 780.3 Meter Reading.
A 780.4 Collecting.
A 781. Customers' Billing and Accounting.
A 782. Miscellaneous Expenses.
A 783. Uncollectible Accounts.
A 784. Rents.

SALES PROMOTION EXPENSES

A 785. Supervision.
A 786. Salaries and Commissions.
787. Demonstration, Advertising, and Other Sales Expenses.
A 787.1 Demonstration.
A 787.2 Advertising.
A 787.3 Miscellaneous Sales Expenses
A 788. Rents.
A 789. Merchandising, Jobbing, and Contract Work.

ADMINISTRATIVE AND GENERAL EXPENSES

A 790. Salaries of General Officers and Executives.
A 791. Other General Office Salaries.
792. Expenses of General Officers and General Office Employees.
A 792.1 Expenses of General Officers.
A 792.2 Expenses of General Office Employees.
A 793. General Office Supplies and Expenses.
A 794. Management and Supervision Fees and Expenses.
A 795. Special Services.
A 796. Legal Services.
A 797. Regulatory Commission Expenses.
A 798. Insurance.
A 799. Injuries and Damages.
800. Employees' Welfare Expenses and Pensions.
A 800.1 Employees' Welfare Expenses.
A 800.2 Pensions.
A 801. Miscellaneous General Expenses.
802. Maintenance of General Property.
A 802.1 Maintenance of Structures and Improvements.
A 802.2 Maintenance of Office Furniture and Equipment.
A 802.3 Maintenance of Communication Equipment.
A 802.4 Maintenance of Miscellaneous Property.
A 803. Rents.
A 804. Commissions Paid Under Agency Sales Contracts.
A 805. Franchise Requirements.
A 806. Duplicate Miscellaneous Charges—Credit.
A 807. Administrative and General Expenses Transferred—Credit.
A 808. Joint Expenses—Debit.
A 809. Joint Expenses—Credit.

OPERATING EXPENSE ACCOUNTS

PRODUCTION EXPENSES

Electric Generation—Steam Power

OPERATION

B A 701. Operation Supervision and Engineering.

This account shall include the cost of supervising and directing the operation of steam power generating stations. (See operating expense instruction 4.)

NOTE.—The cost of fuel analysis shall be charged to Account 131.1, Materials and Supplies—Electric.

B 702. Station Labor.

A 702.1 Boiler Labor.

This account shall include the pay of employees in boiler rooms and elsewhere about the premises engaged in making steam.

ITEMS

1. Boilerhouse engineer and assistants.
2. Feed-pump men.
3. Firemen.
4. Furnace operators.
5. Helpers.
6. Janitors.
7. Stoker attendants.
8. Stokers.
9. Watchmen.
10. Water tenders.
11. Weighers.
12. Labor employed in:
    - (*a*) Blowing flues.
    - (*b*) Cleaning boilers.
    - (*c*) Handling coal and ashes (within the boiler plant).
    - (*d*) Pulverizing coal.
    - (*e*) Testing steam meters and gages and other instruments.

A 702.2 Prime Mover and Generator Labor.

This account shall include the pay of employees engaged in operating prime movers and generators, including steam engines, steam turbines, main generators, turbo-generator units, and auxiliary apparatus operated in connection therewith.

ITEMS

1. Engineers and assistants.
2. Floor attendants.
3. Machinists and helpers.
4. Oilers.
5. Turbo-generator attendants.
6. Wipers.

A 702.3 Electric Labor.

This account shall include the pay of employees engaged in operating electric equipment (switchboards, feeder terminal boards, and other electric equipment) within the steam power generating plant and to the point where electricity leaves for conversion to transmission or distribution voltage.

ITEMS

1. Electricians.
2. Foremen and assistants.
3. Gallerymen.
4. Switchboard operators and assistants.
5. Wiremen.

A 702.4 Miscellaneous Station Labor.

This account shall include the pay of employees engaged in operating steam power generating stations, when such pay is not chargeable to the foregoing steam power plant labor accounts.

ITEMS

1. Elevator men.
2. Insect-control labor.
3. Janitors.
4. Messengers.
5. Watchmen.
6. Yard and building cleaners.

B A 703. Fuel.

A. This account shall include the cost delivered at stations, including cost of transferring from one station to another (see Account 131.1, Materials and Supplies—Electric) of coal, oil, gas, or other fuel used in the production of steam which is used for the production of electric energy by steam power. It shall also include the net cost of, or amount realized from, the disposal of ashes.

B. Records shall be maintained to show the quantity, B. t. u. content, if available, and cost of each type of fuel used.

B A 704. Water.

This account shall include the cost of water for boilers and condensers and for cooling engines. If water is purchased, the charge shall be at the contract price or the meter rate; if pumped by the utility, the cost of pumping shall be charged to this account.

ITEMS

1. Employees:
   - (*a*) Filter cleaners.
   - (*b*) General labor.
   - (*c*) Pumping station operators.
   - (*d*) Screen operators.
   - (*e*) Water-supply system operators.
2. Supplies:
   - (*a*) Boiler compounds.
   - (*b*) Chemicals.
   - (*c*) Lubricants.
   - (*d*) Pumping supplies.
   - (*e*) Supplies (miscellaneous).
   - (*f*) Water purchased.

NOTE.—Do not include in this account water used for general station purposes or the cost of maintaining water-supply systems.

B 705. Supplies and Expenses.

A 705.1 Lubricants.

This account shall include the cost of lubricants for machinery in steam power generating stations, including the cost of recovering oil from waste and the cost of handling and filtering.

NOTE A.—Oil used in pumping water shall be charged to Account 704, Water.
NOTE B.—Do not include in this account oil for transformers, grease or oil for automobiles, trucks, and wagons, or oil for lamps or for similar purposes.

A 705.2 Station Supplies.

This account shall include the cost of all miscellaneous supplies, tools, etc., used in steam power generating stations.

ITEMS

1. Dynamo brushes.
2. Fireroom tools.
3. Gauge glasses.
4. Handhole gaskets.
5. Manhole gaskets.
6. Packing.
7. Steam and air hose.
8. Tools (hand).
9. Washers.
10. Waste.
11. Wipers.

A 705.3 Station Expenses.

This account shall include miscellaneous expenses, which are not specifically provided for in other operating expense accounts, incurred in the operation of steam power generating stations.

ITEMS

1. Boiler inspection fees.
2. Building service (not including rent).
3. Communication service.
4. Insect-control material.
5. Log sheets and charts.
6. Meter supplies.
7. Stationery and office supplies.
8. Transportation.
9. Water for fire protection or for general use.
10. Employees' service facilities expense.

MAINTENANCE

B A 706. Maintenance Supervision and Engineering.

This account shall include the cost of supervising and directing the maintenance of steam power generating stations. (See operating expense instruction 4.)

B A 707. Maintenance of Structures and Improvements.

This account shall include the cost of maintenance of buildings, structures, fixtures, and improvements at steam power generating stations, the book cost of which is included in Account 311, Structures and Improvements.

B 708. Maintenance of Boiler Plant Equipment.

A 708.1 Maintenance of Coal Storage, Handling, and Weighing Equipment.

This account shall include the cost of maintenance of coal handling, ash disposal, and pulverizing equipment at steam power generating stations, the book cost of which is included in Account 312, Boiler Plant Equipment.

A 708.2 Maintenance of Furnaces and Boilers.

This account shall include the cost of maintenance of furnaces and boilers at steam power generating stations, the book cost of which is included in Account 312, Boiler Plant Equipment.

A 708.3 Maintenance of Boiler Apparatus.

This account shall include the cost of maintenance of auxiliary apparatus in boiler rooms at steam power generating stations, the book cost of which is included in Account 312, Boiler Plant Equipment, such as air preheaters, draft apparatus foundations, feed water apparatus, pumps, and water purification system.

A 708.4 Maintenance of Steam Piping and Accessories.

This account shall include the cost of maintenance of steam power generating station piping systems and accessories used in connection with the making of steam and the delivery thereof to the prime movers, the book cost of which is included in Account 312, Boiler Plant Equipment.

B 709. Maintenance of Generating and Electric Equipment.

A 709.1 Maintenance of Prime Movers and Generators.

This account shall include the cost of maintenance of main steam engines and steam turbines, generators and turbo-generator units, and auxiliary apparatus, the book cost of which is included in Account 313, Engines and Engine-Driven Generators, and Account 314, Turbo-Generator Units.

A 709.2 Maintenance of Accessory Electric Equipment.

This account shall include the cost of maintenance of accessory electric equipment in steam power generating stations, the book cost of which is included in Account 315, Accessory Electric Equipment.

A 709.3 Maintenance of Miscellaneous Power Plant Equipment.

This account shall include the cost of maintenance of miscellaneous steam power plant equipment, the book cost of which is included in Account 316, Miscellaneous Power Plant Equipment.

MISCELLANEOUS

BA 710. Rents.

This account shall include all rents of property of others used, occupied, or operated in connection with steam power generation. (See operating expense instruction 5.)

BA 711. Steam From Other Sources.

This account shall include the cost of steam purchased for use in steam engines and turbines devoted to the production of electricity; and also charges for steam transferred to electric generation from another operating department of the company.

NOTE.—The records shall be so kept as to show separately for each company from which steam is purchased, the point of delivery, the quantity, the price, and the total charge. When steam is transferred from another operating department, the utility shall be prepared to show full details of the cost of producing such steam, the basis of the charges to electric generation, and the extent and manner of use by each department involved.

B A 712. Steam Transferred—Credit.

This account shall include such portion of the cost of operating and maintaining joint facilities operated by the utility in connection with the production of steam as is charged to others or to a coordinate department. (See operating expense instruction 6.)

B A 713. Joint Expenses—Debit.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied, or operated in connection with steam power generation. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

1. Charges from others.
2. Charges from coordinate departments.

NOTE.—Charges for steam produced in joint facilities shall not be included in this account but in Account 711, Steam from Other Sources.

B A 714. Joint Expenses—Credit.

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the electric department in connection with steam power generation as is charged to others or to a coordinate department. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

1. Charges to others.
2. Charges to coordinate departments.

NOTE.—Credits for steam transferred, produced in joint facilities, shall not be included in this account but in Account 712, Steam Transferred—Credit.

ELECTRIC GENERATION—HYDRAULIC POWER

OPERATION

B A 715. Operation Supervision and Engineering.

This account shall include the cost of supervising and directing the operation of hydraulic power generating stations. (See operating expense instruction 4.)

B 716. Station Labor.

A 716.1 Hydraulic Labor.

This account shall include the pay of employees engaged in operating hydraulic works, including reservoirs, dams, and waterways, and all other employees whose duties concern the operation of the hydroelectric development outside of the generating station.

ITEMS

1. Cleaners at reservoirs and screens.
2. Foremen.
3. Flume patrolmen.
4. Insect-control labor.
5. Intake operators.

A 716.2 Prime Mover and Generator Labor.

This account shall include the pay of employees engaged in operating hydraulic power-driven prime movers, generators, turbo-generator units, and the auxiliary apparatus operated in connection therewith.

ITEMS

1. Foremen and assistants.
2. Generator attendants.
3. Machinists.
4. Oilers.
5. Wipers.

A 716.3 Electric Labor.

This account shall include the pay of employees engaged in operating switchboards, feeder terminal boards, and other electric equipment in hydraulic power generating stations, to the point where electricity leaves for conversion to transmission or distribution voltage.

ITEMS

1. Electricians.
2. Foremen and assistants.
3. Gallerymen.
4. Switchboard operators and assistants.
5. Wiremen.

A 716.4 Miscellaneous Station Labor.

This account shall include the pay of employees engaged in operating hydraulic power generating stations, except such pay as is chargeable to the foregoing hydraulic power plant labor accounts.

ITEMS

1. Elevator men.
2. Janitors.
3. Messengers.
4. Watchmen.
5. Yard and building cleaners.

A 717. Water for Power.

This account shall include the cost of water purchased for hydraulic power generation.

ITEMS

1. Cost of water purchased from others.
2. Periodic payments for licenses or permits from any governmental agency for water rights.
3. Periodic payments for riparian rights.

718. Supplies and Expenses.

A 718.1 Lubricants.

This account shall include the cost of lubricants for machinery in hydraulic power generating stations, including the cost of recovering oil from waste and the cost of handling and filtering.

NOTE.—Do not include in this account oil for transformers, grease or oil for automobiles, trucks, and wagons, or oil for lamps or for similar purposes.

718.2 Station Supplies.

This account shall include the cost of all miscellaneous supplies, etc., used in hydraulic power generating stations.

ITEMS

1. Dynamo brushes.
2. Gaskets.
3. Materials to protect dams and gates.
4. Packing.
5. Tools (hand).
6. Washers.
7. Waste.
8. Wipers.

A 718.3 Station Expenses.

This account shall include miscellaneous expenses, which are not specifically provided for in other operating expense accounts, incurred in the operation of hydraulic power generating stations.

ITEMS

1. Building service (not including rent).
2. Communication service.
3. Employees' service facilities expense.
4. Insect-control materials.
5. Log sheets and charts.
6. Meter supplies.
7. Stationery and office supplies
8. Transportation.
9. Water for fire protection or general use.

MAINTENANCE

B A 719. Maintenance Supervision and Engineering.

This account shall include the cost of supervising and directing the maintenance of hydraulic power generating stations. (See operating expense instruction 4.)

B A 720. Maintenance of Structures and Improvements.

This account shall include the cost of maintenance of buildings, structures, fixtures, and improvements at hydraulic power generating stations, the book cost of which is included in Account 321, Structures and Improvements.

B A 721. Maintenance of Reservoirs, Dams, and Waterways.

This account shall include the cost of maintenance of reservoirs, dams, waterways, intakes, forebays, penstocks and tailraces, and appurtenant structures and facilities, including gates, raising and lowering apparatus, wasteways, spillways, fish ladders, canals, ditches, flumes, tunnels, and pipe lines, used in connection with hydraulic works, also navigation facilities, such as locks, booms, sluices, regulating gates, and other appurtenant structures and facilities for navigation purposes, the book cost of which is included in Account 32 Reservoirs, Dams, and Waterways.

B 722. Maintenance of Generating and Electric Equipment.

A 722.1 Maintenance of Prime Movers and Generators.

This account shall include the cost of maintenance of hydraulic facilities from the connection with the penstock or flume to tailrace and of all main hydraulic turbines, water wheels, and water-driven generators and auxiliary apparatus, the book cost of which is included in Account 323, Water Wheels, Turbines, and Generators.

A 722.2 Maintenance of Accessory Electric Equipment.

This account shall include the cost of maintenance of accessory electric equipment in hydraulic power generating stations, the book cost of which is included in Account 324, Accessory Electric Equipment.

A 722.3 Maintenance of Miscellaneous Power Plant Equipment.

This account shall include the cost of maintenance of miscellaneous hydraulic power plant equipment, the book cost of which is included in Account 325, Miscellaneous Power plant Equipment.

BA 723. Maintenance of Roads, Railroads, and Bridges.

This account shall include the cost of maintenance of roads, trails, railroads, bridges, and trestles, maintained in connection with the operation of hydraulic power generating stations, the book cost of which is included in Account 326, Roads, Railroads, and Bridges; also the cost of maintenance of roads and bridges dedicated to public use but maintained by the utility.

MISCELLANEOUS

BA 724. Rents.

This account shall include all rents of property of others used, occupied, or operated in connection with hydraulic power generation, including amounts payable to the United States for the occupancy and use of public lands and reservations for reservoirs, dams, flumes, forebays, penstocks, power houses, etc., but not including transmission rights-of-way. (See Operating expense instruction 5.)

BA 725. Joint Expenses—Debit.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied, or operated in connection with hydraulic power generation. (See Operating expense instruction 6.)

B. Annual charges from others for maintenance, depreciation, interest or return on investment applicable to headwater improvements owned by such others and made under licenses or permits from governmental agencies shall be charged in their entirety to this account.

C. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

1. Charges from others.
2. Charges from coordinate departments.

A 726. Joint Expenses—Credit.

A. This account shall include such portion of the cost of operation and maintenance expenses applicable to joint facilities operated by the electric department in connection with hydraulic power generation as is charged to others or to a coordinate department. (See operating expense instruction 6 for appropriate accounts to which may be credited amounts received from others or from another department for a proportion of depreciation, taxes, interest, or return investment in such joint facilities.)

B. Annual charges against others for their proportion of maintenance expenses applicable to headwater improvements owned by the

utility and made under licenses or permits from governmental agencies shall be included in this account. The amount of such annual charges, representing depreciation and interest or return on investment shall be credited to Account 610, Rent from Electric Property.

C. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

1. Charges to others.
2. Charges to coordinate departments.

ELECTRIC GENERATION—INTERNAL COMBUSTION ENGINE POWER

OPERATION

B A 727. Operation Supervision and Engineering.

This account shall include the cost of supervising and directing the operation of internal combustion engine power generating stations. (See operating expense instruction 4.)

NOTE.—The cost of fuel analysis shall be charged to Account 131.1, Materials and Supplies—Electric.

B 728. Station Labor.

A 728.1 Engine Labor.

This account shall include the pay of employees engaged in the delivery of fuel to the engine after the receipt and storage of fuel. This covers the handling of fuel from storage to the gas generator building, and the handling of residuals from said building to the point where residuals are placed when removed from the building. This account shall also include the pay of employees engaged in operating prime movers and generators and auxiliary apparatus operated in connection therewith.

ITEMS

1. Engineers and assistants.
2. Generator attendants.
3. Machinists and helpers.
4. Oilers.
5. Wipers.

A 728.2 Electric Labor.

This account shall include the pay of employees engaged in operating electric equipment, including switchboards, feeder terminal boards, and other electric equipment, in internal combustion engine generating stations, to the point where electricity leaves for conversion to transmission or distribution voltage.

ITEMS

1. Electricians.
2. Foremen and assistants.
3. Gallerymen.
4. Switchboard operators and assistants.
5. Wiremen.

A 728.3 Miscellaneous Station Labor.

This account shall include the pay of employees engaged in operating internal combustion power generating stations, except such pay as is chargeable to the foregoing internal combustion power plant labor accounts.

ITEMS

1. Elevator men.
2. Janitors.
3. Messengers.
4. Watchmen.
5. Yard and building cleaners.

B A 729. Engine Fuel.

A. This account shall include the cost delivered at the station, including cost of transferring from one station to another (see Account 131.1, Materials and Supplies—Electric) of all fuel, such as gas, oil, kerosene, and gasoline used in internal combustion engines.

B. Where the producer gas process is used, include in this account the cost delivered at the station of fuel used for producing gas, and all other costs and expenses of producing gas.

C. This account shall include also the net cost of, or amount realized from, disposal of residuals.

B 730. Supplies and Expenses.

A 730.1 Water.

This account shall include the cost of water used for cooling internal combustion engines and of water used in the production of gas for power purposes. If water is purchased, the charge shall be at the contract price or meter rate: if pumped by the utility, the cost of pumping shall be charged to this account.

ITEMS

1. Employees:
   (*a*) Filter cleaners.
   (*b*) General labor.
   (*c*) Pumping station operators.
   (*d*) Screen operators.
   (*e*) Water-supply system operators.
2. Supplies:
   (*a*) Boiler compounds.
   (*b*) Chemicals.
   (*c*) Lubricants.
   (*d*) Pumping supplies.
   (*e*) Supplies (miscellaneous).

NOTE.—Do not include in this account water used for general station purposes or the cost of maintaining the water-supply system.

A 730.2 Lubricants.

A. This account shall include the cost of lubricants for machinery in the internal combustion power generating stations; including recovery of oil from waste and the cost of handling and filtering.

B. Oil used in pumping water shall be charged to Account 730.1 Water.

NOTE.—Do not include in this account oil for transformers, grease, or oil for automobiles, trucks, and wagons, or oil for lamps or for similar purposes.

A 730.3 Station Supplies.

This account shall include the cost of all miscellaneous supplies, tools, etc., used in internal combustion power generating stations.

ITEMS

1. Dynamo brushes.
2. Gange glasses.
3. Handhole gaskets.
4. Manhole gaskets.
5. Packing.
6. Tools (hand).
7. Washers.
8. Waste.
9. Wipers.

A 730.4 Station Expenses.

This account shall include miscellaneous expenses incurred in the operation of internal combustion power generating stations which are not specifically provided for in other operating expense accounts.

ITEMS

1. Building service (not including rent).
2. Communication service.
3. Employees' service facilities expense.
4. Log sheets and charts.
5. Meter supplies.
6. Stationery and office supplies.
7. Transportation.
8. Water for fire protection or general use.

MAINTENANCE

B A 731. Maintenance Supervision and Engineering.

This account shall include the cost of supervising and directing the maintenance of internal combustion engine power generating stations. (See operating expense instruction 4.)

B A 732. Maintenance of Structures and Improvements.

This account shall include the cost of maintenance of buildings, structures, fixtures, and improvements at internal combustion engine power generating stations, the book cost of which is included in Account 331, Structures and Improvements.

B A 733. Maintenance of Fuel Holders, Producers, and Accessories.

This account shall include the cost of maintenance of storage tanks, facilities, apparatus, etc., used for the storage of fuel or the production of gas to be used in internal combustion engines in the production of electric energy, the book cost of which is included in Account 332, Fuel Holders, Producers, and Accessories.

ITEMS

1. Ash disposal equipment, etc.
2. Economizers.
3. Exhaust pipe.
4. Exhauster outfits.
5. Gas conductor.
6. Gas producers and accessories
7. Pumps.
8. Regenerators.
9. Scrubbers.
10. Steam injectors.
11. Vaporizers.

B 734. Maintenance of Generating and Electric Equipment.

A 734.1 Maintenance of Engines.

This account shall include the cost of maintenance of Diesel, gas, oil, and other internal combustion engines, the book cost of which is included in Account 333, Internal Combustion Engines.

A 734.2 Maintenance of Generators.

This account shall include the cost of maintenance of main internal combustion engine driven generators, the book cost of which is included in Account 334, Generators.

A 734.3 Maintenance of Accessory Electric Equipment.

This account shall include the cost of maintenance of electric equipment in internal combustion engine generating stations, the book cost of which is included in Account 335, Accessory Electric Equipment.

A 734.4 Maintenance of Miscellaneous Power Plant Equipment.

This account shall include the cost of maintenance of miscellaneous internal combustion engine power plant equipment, the book cost of which is included in Account 336, Miscellaneous Power Plant Equipment.

MISCELLANEOUS

B A 735. Rents.

This account shall include all rents of property of others used, occupied, or operated in connection with internal combustion generation. (See operating expense instruction 5.)

B A 736. Joint Expenses—Debit.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied or operated in connection with internal combustion generation. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

1. Charges from others.
2. Charges from coordinate departments.

B A 737. Joint Expenses—Credit.

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the electric department in connection with internal combustion generation as is charged to others or to a coordinate department. (See operating expense instruction 6.)

B. Where a portion of the gas produced in a gas power generating plant is used by a coordinate department, the cost of producing the gas so used shall be charged to the department benefited and the amount of the charges included in this account.

C. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

1. Charges to others.
2. Charges to coordinate departments.

OTHER PRODUCTION EXPENSES AND CREDITS

B A 738. Purchased Power.

A. This account shall include the cost at the point of delivery to the utility of electricity purchased for resale, including charges

for readiness to serve. This account shall be maintained in such manner as to show the following:

1. Readiness to serve or "standby" charges where determinable.
2. Firm power purchased.
3. Dump or surplus power purchased.

B. The records shall also show, by months, the demands and demand charges and kilowatt-hours and prices thereof under each purchase contract.

B A 739. Interchange Power.

A. This account shall include the amounts charged or credited under interchange agreements whereby the accounting utility both delivers energy to and receives energy from another for the purpose of achieving efficient utilization of productive capacity.

B. Payments or receipts for energy received or delivered under firm or surplus sales agreements shall not be included herein.

C. The records shall show, by months, the charges and credits under each interchange agreement.

B A 740. Other Expenses.

This account shall be charged with any production expenses, including expenses incurred directly in connection with the purchase of power, which are not specifically provided for in the other production expense accounts. Charges to this account shall be supported by sufficient detail as to show why they were made to this account rather than to some other production expense account, and a description of each charge shall be available.

B A 741. Joint Expenses—Debit.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied, or operated in connection with the production of electric energy where it is impracticable to allocate such payments to the joint production expenses—debit accounts under steam power generation, hydraulic power generation, or internal combustion power generation. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

1. Charges from others.
2. Charges from coordinate departments.

B A 742. Joint Expenses—Credit.

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the electric department in connection with the production of electric energy as is charged to others or to a coordinate department where it is impracticable to allocate such cost to the joint production expenses—credit accounts under steam power generation, hydraulic power generation, or internal combustion power generation. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

1. Charges to others.
2. Charges to coordinate departments.

TRANSMISSION EXPENSES

OPERATION

B A 743. Operation Supervision and Engineering.

This account shall include the cost of supervising and directing the operation of transmission systems. (See operating expense instruction 4.)

B A 744. Load Dispatching Labor and Expenses.

A. This account shall include the pay and expenses of load dispatchers and their assistants for time engaged in the operation of transmission load dispatching.

B. If load dispatchers and their assistants are stationed at a generating station and part of their time is devoted to the operation of that station, their time shall be apportioned between this account and the appropriate electric generation labor account on an equitable basis.

B 745. Operation of Stations.

A 745.1 Station Labor.

A. This account shall include the pay of employees engaged in operating transmission substations and switching stations.

B. If transmission station equipment is located in or adjacent to a generating station, the pay of employees applicable to transmission station operations shall be charged to this account.

A 745.2 Station Supplies and Expenses.

A. This account shall include the cost of supplies for and expenses incurred in connection with the operation of transmission substations and switching stations.

B. If transmission station equipment is located in or adjacent to a generating station, the supplies and expenses applicable to transmission station operations shall be charged to transmission station expenses.

ITEMS

1. Building service. (not including rent).
2. Communication service.
3. Lubricants and waste.
4. Meter supplies.
5. Records (station).
6. Stationery and office supplies.
7. Tools.
8. Traveling expenses.
9. Water.

B 746. Operation of Lines.

A 746.1 Overhead Lines.

This account shall include the pay and expenses of patrolmen, testers, etc., employed on overhead transmission lines; also the pay

and expenses of employees engaged in trimming trees and clearing brush and other refuse from the transmission rights-of-way after the transmission line has been placed in operation.

A 746.2 Underground Lines.

This account shall include the pay and expenses of patrolmen, testers, etc., employed on underground transmission lines, including inspection and clearing of subway ducts, manholes, and sewer connections for transmission lines.

MAINTENANCE

B A 747. Maintenance Supervision and Engineering.

This account shall include the cost of supervising and directing the maintenance of transmission systems. (See operating expense instruction 4.)

B A 748. Maintenance of Structures and Improvements.

This account shall include the cost of maintenance of transmission structures, fixtures, and improvements, the book cost of which is included in Account 342, Structures and Improvements.

NOTE.—Do not include in this account the cost of maintenance of transmission roads and trails.

B A 749. Maintenance of Station Equipment.

This account shall include the cost of maintaining transmission substation and switching station equipment, the book cost of which is included in Account 343, Station Equipment.

B 750. Maintenance of Overhead System.

A 750.1 Maintenance of Towers and Fixtures.

This account shall include the cost of maintenance of transmission towers and fixtures, the book cost of which is included in Account 344, Towers ad Fixtures.

A 750.2 Maintenance of Poles and Fixtures.

This account shall include the cost of maintenance of transmission poles and fixtures, the book cost of which is included in Account 345, Poles and Fixtures. This account shall not include the cost of replacing poles, which shall be handled as additions and retirements of property.

A 750.3 Maintenance of Conductors and Devices.

This account shall include the cost of maintenance of overhead transmission conductors, cables, insulators, etc., the book cost of which is included in Account 346, Overhead Conductors and Devices.

B 751. Maintenance of Underground System.

A 751.1 Maintenance of Conduit.

This account shall include the cost of maintenance of transmission subways, underground conduit, ducts, manholes, sewer connections and traps, the book cost of which is included in Account 347, Underground Conduit.

A 751.2 Maintenance of Conductors and Devices.

This account shall include the cost of maintenance of underground transmission cables, insulators, etc., the book cost of which is included in Account 348, Underground Conductors and Devices.

B A 752. Maintenance of Roads and Trails.

This account shall include the cost of maintenance of permanent transmission roads, trails, and bridges, the book cost of which is included in Account 349, Roads and Trails; also the cost of maintenance of roads and trails dedicated to public use but maintained by the utility.

MISCELLANEOUS

B A 753. Rents.

This account shall include all rents of property of others used, occupied, or operated in connection with the transmission system, including payments to the United States and others for use of public or private lands and reservations for transmission line rights-of-way and also amounts paid to others for transmission of energy for the accounting utility. (See operating expense instruction 5.)

B A 754. Joint Expenses—Debit.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied, or operated in connection with the transmission of electric energy. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

1. Charges from others.
2. Charges from coordinate departments.

B A 755. Joint Expenses—Credit.

A. This account shall include such portion of the cost of operating and maintaining joint facilities, operated by the electric department in connection with the transmission of electric energy as is charged to others or to a coordinate department. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

1. Charges to others.
2. Charges to coordinate departments.

DISTRIBUTION EXPENSES

OPERATION

B A 756. Operation Supervision and Engineering.

This account shall include the cost of supervising and directing the operation of the distribution systems. (See operating expense instruction 4.)

B A 757. Load Dispatching Labor and Expenses.

A. This account (the keeping of which is optional with the utility) shall include the pay and expenses of load dispatchers and their

assistants for time engaged in the operation of distribution load dispatching.

B. If load dispatchers and their assistants are stationed at a distribution station and part of their time is devoted to the operation of that station, their time shall be apportioned between this account and the appropriate distribution station labor account on an equitable basis.

NOTE.—If this account is not kept by the utility, all load dispatching labor and expenses shall be included in transmission expenses, Account 744, Load Dispatching Labor and Expenses.

B 758. Distribution Office Expenses.

A 758.1 Distribution Maps and Records.

This account shall include salaries and expenses for the preparation of distribution maps and records of underground and overhead distribution lines, including the cost of stationery, drawing materials, etc.

A 758.2 Other Distribution Office Expenses.

This account shall include such distribution office expenses as heat, ice water, office supplies, stationery and printing, telephone tolls and rentals, janitor service, etc.

B 759. Operation of Stations.

A 759.1 Station Labor.

This account shall include the pay of employees engaged in the operation of distribution stations.

A 759.2 Station Supplies and Expenses.

This account shall include the cost of supplies used and expenses incurred in the operation of distribution stations.

ITEMS

1. Building service (not including rent).
2. Communication service.
3. Lubricants and waste.
4. Meter supplies.
5. Records, station.
6. Stationery and office supplies.
7. Tools.
8. Transportation.
9. Water.

B 760. Operation of Storage Batteries.

A 760.1 Storage Battery Labor.

This account shall include the pay of batterymen, inspectors, and testers engaged in the operation of storage batteries.

A 760.2 Storage Battery Supplies and Expenses.

This account shall include the cost of supplies used and expenses incurred in the operation of storage batteries.

ITEMS

1. Acid.
2. Automatic cell fillers.
3. Brooms.
4. Brushes for boosters and compensators.
5. Distilled water for cells.
6. Gloves.
7. Hydrometers.
8. Maps.
9. Paint.
10. Rubber hose.
11. Shoes.
12. Soda.
13. Sponges.
14. Thermometers.
15. Waste.

B 761. Operation of Lines.

A 761.1 Overhead Lines.

A. This account shall include the pay and expenses of patrolmen, testers, etc., employed on overhead distribution lines, and the expense of trimming trees, inspecting and testing lightning arresters, voltage surveys, periodic testing, and routine patrolling.

B. Include in this account expenses in connection with the routine inspection and testing of distribution system grounds.

A 761.2 Underground Lines.

This account shall include the pay and expenses of patrolmen, testers, etc., employed on underground distribution lines, including expenses in connection with periodic inspection, testing, and routine patrolling and cleaning subway ducts, manholes, and sewer connections for distribution lines.

A 761.3 Removing and Resetting Line Transformers.

This account shall include the cost of inspecting, testing, removing, resetting, and changing line transformers.

NOTE.—The cost of the first setting of a transformer shall not be charged to this account but to electric plant Account 358, Line Transformers.

B 762. Services on Customers' Premises.

A 762.1 Removing and Resetting Meters.

This account shall include the cost of inspecting, testing, removing, and resetting or changing the location of meters or instrument transformers and accessory equipment located on customers' premises.

NOTE A.—The cost of the first setting of a meter shall not be charged to this account but to electric plant Account 360, Meters.

NOTE B.—The cost of removing and resetting special large built-up meters shall not be charged to this account. Such installations shall be accounted for as additions and retirements.

A 762.2 Other Services on Customers' Premises.

A. This account shall include the cost of labor and materials used and expenses incurred (where such costs are borne by the utility) in work on customers' premises other than amounts includible in Account 762.1, Removing and Resetting Meters.

B. Class A utilities shall keep their accounts or supporting records in such manner as to be able to show an analysis of this account according to the following functions:

1. Investigating and adjusting service complaints.
2. Lamp service—arc and incandescent.
3. Maintenance of fixtures and appliances.
4. Radio interference work.
5. Other work on customers' premises.

NOTE.—Do not include in this account expenses incurred in connection with merchandising, jobbing, and contract work. (See Account 520, Income from Merchandising, Jobbing, and Contract Work, and Account 789, Merchandising, Jobbing, and Contract Work.)

B 763. Operation of Street Lighting and Signal Systems.

A 763.1 Overhead Systems.

This account shall include the cost of labor and materials used and expenses incurred in the operation of overhead street lighting and signal systems, including traffic, fire, and police signal systems.

ITEMS

1. Clearing brush and other refuse.
2. Patrolling.
3. Testing lines.
4. Transportation.
5. Trimming trees.
6. Voltage surveys.

A 763.2 Underground Systems.

This account shall include the cost of labor and materials used and expenses incurred in the operation of underground street lighting and signal systems, including traffic, fire, and police signal systems.

ITEMS

1. Cleaning subway ducts, manholes, and sewer connections.
2. Patrolling.
3. Testing lines.
4. Transportation.
5. Voltage surveys.

MAINTENANCE

B A 764. Maintenance Supervision and Engineering.

This account shall include the cost of supervising and directing the maintenance of the distribution system. (See operating expense instruction 4.)

B A 765. Maintenance of Structures and Improvements.

This account shall include the cost of maintenance of distribution structures and improvements, the book cost of which is included in Account 351, Structures and Improvements.

B A 766. Maintenance of Station Equipment.

This account shall include the cost of maintenance of distribution station equipment, the book cost of which is included in Account 352, Station Equipment.

B A 767. Maintenance of Storage Battery Equipment.

This account shall include the cost of maintenance of storage battery equipment, the book cost of which is included in Account 353, Storage Battery Equipment.

B 768. Maintenance of Overhead System.

A 768.1 Maintenance of Poles, Towers, and Fixtures.

This account shall include the cost of maintenance of distribution poles, crossarms, braces, guys, and other pole supports, and towers and tower fixtures, the book cost of which is included in Account 354, Poles, Towers, and Fixtures. This account shall not include the replacements of poles, which shall be handled as additions and retirements of property.

NOTE.—Maintenance of ornamental street lighting columns shall be charged to Account 775, Maintenance of Street Lighting and Signal Systems.

A 768.2 Maintenance of Conductors and Devices.

This account shall include the cost of maintenance of distribution pole line conductors, feeders, cable, wire, line devices, insulators, and insulating material, the book cost of which is included in Account 355, Overhead Conductors and Devices.

B 769. Maintenance of Underground System.

A 769.1 Maintenance of Conduit.

This account shall include the cost of maintenance of subways and underground conduit carrying distribution conductors, the book cost of which is included in Account 356, Underground Conduit.

A 769.2 Maintenance of Conductors and Devices.

A. This account shall include the cost of maintenance of conductors, feeders, cable, wire, line devices, insulators, and insulating materials used in the underground distribution system, the book cost of which is included in Account 357, Underground Conductors and Devices.

B. Maintenance of cable inside ornamental posts shall be charged to Account 775, Maintenance of Street Lighting and Signal Systems.

B A 770. Maintenance of Line Transformers and Devices.

A. This account shall include the cost of maintenance of distribution line transformers and devices, the book cost of which is included in Account 358, Line Transformers.

B. Include in this account the cost of renewing oil, repainting, rewinding, and other maintenance; also the cost of maintaining lightning arresters installed for transformer protection, and the expense connected with the re-fusing of transformer cut-outs.

C. The cost of transformer changes incurred by reason of load conditions shall be charged to Account 761.3, Removing and Resetting Line Transformers.

B A 771. Maintenance of Services.

A. This account shall include the cost of maintenance of services, the book cost of which is included in Account 359, Services.

B. Class A utilities shall keep their accounts in such manner as to show separately the maintenance of overhead services and the maintenance of underground services.

B A 772. Maintenance of Meters.

This account shall include the cost of maintenance of meters, the book cost of which is carried in Account 360, Meters.

B A 773. Maintenance of Installations on Customers' Premises.

This account shall include the cost of maintenance (where such cost is borne by the utility) of the electric property on customers' premises, the book cost of which is included in Account 361, Installations on Customers' Premises.

NOTE.—Exclude herefrom maintenance in connection with merchandising, and jobbing and contract work. (See Account 520, Income from Merchandising, Jobbing, and Contract Work, and Account 789, Merchandising, Jobbing, and Contract Work.)

B A 774. Maintenance of Leased Property on Customers' Premises.

This account shall include the cost of maintenance (where such cost is borne by the utility) of electric property leased to customers, the book cost of which is included in Account 362, Leased Property on Customers' Premises.

NOTE.—Exclude herefrom maintenance in connection with merchandising, jobbing, and contract work. (See Account 520, Income from Merchandising, Jobbing, and Contract Work, and Account 789, Merchandising, Jobbing, and Contract Work.)

B A 775. Maintenance of Street Lighting and Signal Systems.

This account shall include the cost of maintenance of street lighting and signal systems, the book cost of which is included in Account 363, Street Lighting and Signal Systems.

MISCELLANEOUS

B A 776. Rents.

This account shall include all rents of property of others used, occupied, or operated in connection with the distribution system, including payments to the United States and others for the use and occupancy of public lands and reservations for distribution line rights-of-way. (See operating expense instruction 5.)

B A 777. Joint Expenses—Debit.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied; or operated in connection with the distribution of electric energy. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

1. Charges from others.
2. Charges from coordinate departments.

B A 778. Joint Expenses—Credit.

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the electric department in connection with the distribution of electric energy as is charged to others or to a coordinate department. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

1. Charges to others.
2. Charges to coordinate departments.

CUSTOMERS' ACCOUNTING AND COLLECTING EXPENSES

B A 779. Supervision.

This account shall include the cost of supervising and directing work on customers' contracts, orders, inquiries, and accounts, and in meter reading and collecting. (See operating expense instruction 4.)

B 780. Customers' Contracts, Orders, Meter Reading, and Collecting.

A 780.1 Customers' Contracts and Orders.

This account shall include the pay and expenses of employees engaged in work on customers' applications, contracts, orders, complaints, and inquiries, and supplies used and expenses incurred in connection therewith.

ITEMS

1. Books.
2. Building service (not including rent).
3. Office supplies.
4. Postage.
5. Salaries and wages.
6. Stationery.
7. Transportation.

A 780.2 Credit Investigations and Records.

This account shall include the pay and expenses of employees engaged in investigations of customers' credit and the keeping of records pertaining thereto, including supplies used and expenses incurred in connection therewith.

ITEMS

1. Books.
2. Building service (not including rent).
3. Office supplies.
4. Postage.
5. Salaries and wages.
6. Stationery.
7. Transportation.

NOTE.—The keeping of this account is optional. If not used, charges provided for herein shall be included in Account 780.1, Customers' Contracts and Orders.

A 780.3. Meter Reading.

This account shall include the pay and expenses of employees engaged in reading customers' meters, and supplies used and expenses incurred in connection therewith.

ITEMS

1. Badges.
2. Building service (not including rent).
3. Forms for recording readings.
4. Lamps.
5. Meter readers, pay of.
6. Transportation.
7. Uniforms.

A 780.4. Collecting.

This account shall include the pay and expenses of employees engaged in collecting customers' bills, and supplies used and expenses incurred in connection therewith.

ITEMS

1. Building service (not including rent).
2. Commissions, fees, or salaries of collectors.
3. Disconnection for nonpayment of bills.
4. Office supplies.
5. Postage.
6. Stationery and printing.
7. Transportation.

BA 781. Customers' Billing and Accounting.

This account shall include the pay and expenses of employees engaged in customers' billing and accounting work, and supplies used and expenses incurred in connection therewith.

ITEMS

1. Accounts, customers', keeping of.
2. Address plates.
3. Billing.
4. Bookkeeping.
5. Books.
6. Building service (not including rent).
7. Delivery of bills.
8. Office supplies.
9. Postage.
10. Stationery and printing.
11. Statistical work on customers' accounts.
12. Tabulating sales.
13. Transportation.

B A 782. Miscellaneous Expenses.

This account shall include the labor and materials and expenses, which are not chargeable to the foregoing accounts, and which were used or incurred in customers' accounting and collecting.

B A 783. Uncollectible Accounts.

This account shall be charged each month with amounts sufficient to provide for losses from uncollectible electric revenues. Concurrent credits shall be made to Account 254, Reserve for Uncollectible Accounts. Losses from uncollectible accounts shall be charged to such reserve.

B A 784. Rents.

This account shall include rents of property of others used in connection with customers' accounting and collecting. (See operating expense instruction 5.)

SALES PROMOTION EXPENSES

B A 785. Supervision.

This account shall include the cost of supervising and directing the sales department and the solicitation of new business, including assistants, stenographers, and clerical help on records. (See operating expense instruction 4.)

NOTE.—Do not include in this account sales supervision in connection with merchandise or appliance sales.

B A 786. Salaries and Commissions.

This account shall include the salaries and commissions paid salesmen for canvassing and soliciting new business, including the cost of preparing estimates for industrial and other customers.

B 787. Demonstration, Advertising, and Other Sales Expenses.

A 787.1 Demonstration.

This account shall include the cost of labor and materials used and expenses incurred in demonstrating the use of appliances or other equipment.

NOTE.—Do not include in this account demonstration expense incurred in connection with merchandise or appliance sales.

ITEMS

1. Employees:
   (*a*) Demonstrators.
   (*b*) Instructors.
   (*c*) Typists and Clerks.

2. Expenses:
   (*a*) Building service (not including rent).
   (*b*) Communication service.
   (*c*) Demonstration supplies.
   (*d*) Electric service.
   (*e*) Transportation.

A 787.2 Advertising.

This account shall include the cost of labor and materials used and expenses incurred in connection with advertising for the purpose of promoting the sales of electricity.

NOTE.—Do not include in this account advertising in connection with merchandise or appliance sales.

ITEMS

1. Advertising in newspapers, periodicals, etc.
2. Advertising manager and assistants.
3. Clerks.
4. Materials and expenses in preparing:
   (*a*) Advertisements.
   (*b*) Booklets.
   (*c*) Bulletins.
   (*d*) Dodgers.
   (*e*) Posters.
5. Stenographers and typists.

A 787.3. Miscellaneous Sales Expenses.

This account shall include the cost of labor and materials used and expenses incurred in soliciting new business, except amounts chargeable to the foregoing accounts.

NOTE.—Do not include in this account expenses incurred in connection with merchandise or appliance sales.

B A 788. Rents.

This account shall include rents properly includible in operating expenses for property of others used by the sales promotion organization. (See operating expense instruction 5.)

B A 789. Merchandising, Jobbing, and Contract Work.

A. This account shall include all expenses of merchandising, jobbing, and contract work; also all revenues derived from the sale of electric merchandise and jobbing or contract work, including any profit or commissions accruing to the utility from jobbing work performed by it as agent under agency contracts, whereby it undertakes to do jobbing work for another for a stipulated profit or commission.

B. This account shall be subdivided as follows:

789.1 Revenues from Merchandising, Jobbing, and Contract Work.

789.2 Costs and Expenses of Merchandising, Jobbing, and Contract Work.

Account 789.2 shall be further subdivided so as to show the major items of costs and expenses.

NOTE.—The income from merchandising, jobbing, and contract work shall be reported in this account if a State regulatory body having jurisdiction over the utility requires such income to be reported as an operating expense item; but the amount shall be reported in Account 520, Income from Merchandising, Jobbing, and Contract Work, if such regulatory body requires such income to be reported as other income. In the absence of a requirement by a State regulatory body, the utility may use this account or account 520 at its option. The practice of the utility must be consistent.

ITEMS

1. Advertising in connection with the sale of merchandise.
2. Cost of merchandise sold and of materials used for jobbing work including transportation, storage, handling.
3. Depreciation.
4. Direct taxes.
5. Discounts and allowances made in settlement of bills for merchandise and jobbing work.
6. General administrative expenses.
7. Insurance.
8. Inventory adjustments, merchandise.
9. Light, heat, and power.
10. Losses from uncollectible accounts.
11. Miscellaneous.
12. Pay and expenses of employees engaged in clerical work and bookkeeping in connection with merchandising.
13. Pay and expenses of all employees engaged in selling, delivery, installation, etc., as well as supervision of such employees.
14. Reconditioning repossessed appliances.
15. Rent of general quarters.
16. Revenue from the sale of merchandise and from jobbing and contract work.
17. Stores expense on merchandise stocks.

ADMINISTRATIVE AND GENERAL EXPENSES

B A 790. Salaries of General Officers and Executives.

A. This account shall include the compensation (salaries, bonuses, and other consideration for services) of officers and executives of the utility, properly chargeable to electric operations and not chargeable directly to a particular electric function.

B. This account may be subdivided in accordance with the utility's administrative organization, such as executive, accounting, treasury, legal, etc.

NOTE.—This account shall not include directors' fees paid to officers and executives.

B A 791. Other General Office Salaries.

A. This account shall include the compensation (salaries, bonuses, and other consideration for services) of employees engaged in the general or divisional offices properly chargeable to electric operations and not chargeable directly to a particular electric function.

B. This account may be subdivided in accordance with the utility's administrative organization, such as executive, accounting, treasury, legal, etc.

B 792. Expenses of General Officers and General Office Employees.

A 792.1 Expenses of General Officers.

A. This account shall include the expenses incurred for the benefit of the utility in its electric operations by officers whose salaries are included in account 790 and which are not chargeable directly to a particular electric function.

B. This account may be subdivided in accordance with the utility's administrative organization, such as executive, accounting, treasury, legal, etc.

ITEMS

1. Hotel.
2. Meals, including payment therefor on account of overtime work.
3. Membership fees and dues in trade, technical, and professional associations.
4. Traveling expenses.

A 792.2 Expenses of General Office Employees.

A. This account shall include the expenses incurred for the benefit of the utility in its electric operations by employees whose salaries are included in account 791 and which are not chargeable directly to a particular electric function.

B. This account may be subdivided in accordance with the utility's administrative organization, such as executive, accounting, treasury, legal, etc.

ITEMS

1. Hotel.
2. Meals, including payment therefor on account of overtime work.
3. Membership fees and dues in trade, technical, and professional associations.
4. Traveling expenses.

B A 793. General Office Supplies and Expenses.

A. This account shall include the cost of office supplies and office expenses in connection with the general administrative functions of the utility's electric operations.

B. This account may be subdivided in accordance with the utility's administrative organization, such as executive, accounting, treasury, legal, etc.

ITEMS

1. Automobile service, including charges through clearing Account 903, Transportation Expenses—Clearing.
2. Books and periodicals for office use.
3. Building service (not including rent).
4. Communication service.
5. Office supplies.
6. Postage.
7. Printing.
8. Stationery.

NOTE.—Office expenses which are clearly applicable to any group of operating expenses other than administrative and general shall not be included in this account.

B A 794. Management and Supervision Fees and Expenses.

A. This account shall include amounts payable by the electric department to any corporation, firm, or individual for general supervision and management services and expenses.

B. Records supporting this account shall be so kept as to show (1) the basis of each fee, (2) the amount of the fee, and (3) the person to whom the fee is paid or payable.

B A 795. Special Services.

This account shall include amounts payable to any corporation, firm, or individual, other than officers and employees of the utility, for special services to the electric department, if the amounts are not includible in Account 794, Management and Supervision Fees and Expenses, or Account 796, Legal Services, or are not chargeable directly to other electric operating expense accounts or clearing or plant accounts.

ITEMS

1. Services:
   - (*a*) Auditing and accounting.
   - (*b*) Budget.
   - (*c*) Personnel.
   - (*d*) Publication.
   - (*e*) Rates.
   - (*f*) Secretarial.
   - (*g*) Statistical.
   - (*h*) Supervisory.

2. Expenses:
   - (*a*) Hotel.
   - (*b*) Meals.
   - (*c*) Printing.
   - (*d*) Stationery.
   - (*e*) Traveling.

B A 796. Legal Services.

This account shall include amounts payable to any corporation, firm, or individual, other than officers and employees of the utility, for legal services and related expenses of the electric department which are not chargeable directly to Account 797, Regulatory Commission Expenses, or to other electric operating expense accounts or to clearing or plant accounts.

NOTE.—Pay and expenses of the legal staff of the utility shall not be included herein, but in such other accounts as may be appropriate.

B A 797. Regulatory Commission Expenses.

A. This account shall include all expenses (except pay of regular employees only incidentally engaged in such work), properly includible in electric operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the accounting utility for pay and expenses of such commission, its officers, agents, and employees, and also including payments made to the United States for the administration of the Federal Power Act.

B. Amounts of regulatory commission expenses which by approval or direction of the Commission are to be spread over future periods shall be charged to Account 146, Other Deferred Debits, and amortized by charges to this account.

C. The utility shall be prepared to report the cost of each formal case.

ITEMS

1. Salaries, fees, retainers, and expenses of counsel, solicitors, attorneys, accountants, engineers, clerks, attendants, witnesses, and

others engaged in the prosecution of, or defense against, petitions or complaints presented to regulatory bodies, or in the valuation of property owned or used by the utility in connection with such cases.

2. Expenses: engineering supplies, office expenses, payments to public service or other regulatory commissions, stationery and printing, traveling expenses, and other expenses incurred directly in connection with formal cases before regulatory commissions.

NOTE A.—Exclude from this account and include in other appropriate operating expense accounts, expenses incurred in the improvement of service, additional inspection, or rendering reports, which are made necessary by the rules and regulations, or orders, of regulatory bodies.

NOTE B.—Do not include in this account amounts includible in Account 302, Franchises and Consents, Account 140, Unamortized Debt Discount and Expense, or Account 151, Capital Stock Expense.

BA 798. Insurance.

This account shall include the cost of insurance to protect the utility against losses and damages to owned or leased property used in its electric operations, except as provided in Note C hereunder. There shall be included in this account the premiums payable to insurance companies or amounts credited to Account 255, Insurance Reserve, for fire, storm, burglary, boiler, explosion, lightning, and other insurance; and special costs incurred in procuring insurance, such as insurance inspection service, and the pay, traveling, and office expenses of officers, clerks, and other employees of an insurance department.

NOTE A.—Recoveries from insurance companies or others for property damages shall be credited to the account charged with the cost of the damage. If the damaged property has been retired, the credit shall be to Account 250, Reserve for Depreciation of Electric Plant, or other appropriate reserve account.

NOTE B.—The utility shall so keep its records as to show the amount of coverage for each class of insurance carried, the property covered, the applicable premiums, and the distribution of the costs to specific operations or functions.

NOTE C.—The cost of insurance to protect the utility against losses and damages to the following classes of owned or leased property used in electric operations shall be charged as indicated:

1. Laboratory equipment, to Account 904, Laboratory Expenses—Clearing.
2. Materials and supplies and stores equipment, to Account 902, Stores Expenses—Clearing.
3. Transportation and garage equipment, to Account 903, Transportation Expenses—Clearing.

NOTE D.—Exclude from this account insurance on officers and employees. (See Account 800.1.)

BA 799. Injuries and Damages.

A. This account shall include losses not covered by insurance on account of injuries or deaths to employees or others, which occur in connection with electric operations, and payments and expenses on account of damages to the property of others or for nonperformance of contractual obligations, whether the loss be occasioned by fire, flood, storm, or other cause. Amounts may be accrued monthly sufficient to meet the probable liability for such losses, concurrent credits being made to Account 256, Injuries and Damages Reserve, in which case losses sustained shall be charged to the reserve.

B. This account shall also include:

1. Pay and expenses of officers and employees regularly engaged in or specifically assigned to work in connection with injuries to employees or others, damages to property of others, etc.

2. Payments to attorneys, investigators, and adjusters, court costs, etc.

3. Insurance premiums for protection against claims from injuries and damages, including public liability, property damages, boiler, casualty, employees' liability, etc., except as provided in Note C hereunder.

C. Reimbursements from insurance companies or others for expenses charged hereto on account of injuries and damages, and insurance dividends or refunds, shall be credited to this account.

NOTE A.—Payments to or in behalf of employees, including accident and death benefits, salaries, hospital expenses, medical supplies; also salaries, fees, and expenses of surgeons, doctors, nurses, etc., or amounts reserved for such payments, when provided for through a plan for employees' benefits, shall be charged to Account 800, Employees' Welfare Expenses and Pensions.

NOTE B.—No part of the salaries of officers or employees of the law department shall be included in this account for merely incidental services in connection with injury and damage claims.

NOTE C.—Losses or insurance premiums paid in connection with transportation and garage equipment shall be charged to Account 963, Transportation Expenses—Clearing.

NOTE D.—Exclude from this account insurance on officers and employees and the cost of injuries and damages chargeable directly to electric plant accounts, clearing accounts, or to other appropriate accounts.

B 800. Employees' Welfare Expenses and Pensions.

A 800.1 Employees' Welfare Expenses.

This account shall include the expenses incurred in conducting employees' accident prevention, educational and recreational activities, the cost of employees' relief and benefits (other than pensions, and injuries and damages chargeable to Account 799, Injuries and Damages), and the cost of life insurance for employees where the utility is not the beneficiary.

NOTE.—When the utility is the beneficiary of insurance on officers or employees, the cost of such insurance shall be charged to Account 538, Miscellaneous Income Deductions, or, at the option of the utility, the cash surrender value may be included in Account 133, Other Current and Accrued Assets, in which event the excess of cost of the insurance over such cash surrender value shall be charged to Account 538, Miscellaneous Income Deductions.

A 800.2 Pensions.

A. This account shall include pensions paid to retired employees or to their heirs.

B. If the utility has definitely undertaken by contract to pay pensions to employees of its electric department when retired, it shall charge to this account monthly amounts to provide for the payment of such pensions or for the purchase of annuities for that purpose.

C. The utility shall maintain a complete record of the computations of the accruals of its pension liabilities.

D. The utility shall inform the Commission of the details of its pension plan, giving a full statement of the facts thereof, together with the actuarial formula, if any, under which it has created or proposes to create its pension fund, and shall furnish a copy of the declaration of trust or resolution under which the pension plan is established.

B A 801. Miscellaneous General Expenses.

This account shall include such items of expense applicable to the electric department as the cost of publishing and distributing annual reports to stockholders; advertising notice of stockholders' meetings; dividend and other corporate and financial notices of a general character; association dues; contributions for conventions and meetings of the industry; cost of research and experimental work conducted for the benefit of the electric department or the industry or for the improvement of electric service (except such amounts as may be properly chargeable to other accounts); fees of transfer agents, registrars of stock, and fiscal agents; director's fees; and any other miscellaneous expenses connected with the general management and not otherwise provided for.

B 802. Maintenance of General Property.

A 802.1 Maintenance of Structures and Improvements.

This account shall include the cost of maintenance of general buildings, the book cost of which is included in Account 371, Structures and Improvements.

A 802.2 Maintenance of Office Furniture and Equipment.

This account shall include the cost of maintenance of office furniture and equipment used by the administrative divisions of the electric department.

NOTE.—The cost of maintenance of office furniture and equipment used elsewhere than in the administrative departments shall be charged to the appropriate maintenance, construction, or clearing account.

A 802.3 Maintenance of Communication Equipment.

This account shall include the cost of maintenance of communication equipment for general use in connection with the utility's operations, the book cost of which is included in Account 378, Communication Equipment.

A 802.4 Maintenance of Miscellaneous Property.

This account shall include the cost of maintenance of miscellaneous property not provided for elsewhere including miscellaneous general equipment, the book cost of which is included in Account 379, Miscellaneous Equipment, and tools and work equipment included in Account 377, Tools and Work Equipment.

NOTE.—Maintenance of tools and work equipment may be charged to a clearing account and distributed to appropriate accounts based on the use of the equipment.

B A 803. Rents.

This account shall include rent properly includible in electric operating expenses (see operating expense instruction 5) covering the property of others used, occupied, or operated in connection with the general and administrative functions of the utility.

B A 804. Commissions Paid Under Agency Sales Contracts.

This account shall include the amount paid or payable by the utility to agents as commission for distributing electric energy over

the agent's distribution lines and selling the same, and for all service performed in connection therewith.

NOTE A.—This account shall be used only when sales are made under rate schedules filed by the accounting utility and when the gross receipts therefrom are credited to it; otherwise, the transactions shall be accounted for as sales of electricity.

NOTE B.—Records pertaining to each agency sales contract shall be so kept by the utility as to show full particulars as to amounts paid for each kind of service rendered thereunder.

B A 805. Franchise Requirements.

A. This account shall include payments to municipal or other governmental authorities, and the cost of materials, supplies, and services, furnished such authorities without reimbursement in compliance with franchise, ordinance, or similar requirements, provided, however, that the utility may charge to this account at regular tariff rates, instead of cost, electricity furnished without charge under provisions of franchises.

B. When no direct outlay is involved, concurrent credit for such charges shall be to Account 806, Duplicate Miscellaneous Charges—Credit.

C. This account shall be subdivided as follows:

805.1 Cash Outlays.
805.2. Electricity Supplied Without Charge—Debit.
805.3 Other Items Furnished Without Charge—Debit.

NOTE A.—Taxes shall not be charged to this account. (See Account 507, Taxes.)

NOTE B.—The cost of plant, supplies, etc., given as an initial consideration for a franchise running for more than one year, shall be charged to Account 302, Franchises and Consents.

B A 806. Duplicate Miscellaneous Charges—Credit.

A. This account shall include concurrent credits for charges which are made to Account 805, Franchise Requirements, to the extent that such charges do not represent direct outlays. It shall also include concurrent credits for charges made to operating expense or other accounts of the electric department for electricity or steam for heating for which there is no direct money outlay. (See operating revenue instruction 5.)

B. This account shall be kept in such manner as to disclose the nature and amount of each item included herein.

B A 807. Administrative and General Expenses Transferred—Credit.

A. This account shall be credited with amounts recorded in the administrative and general expenses which are properly includible in construction costs.

B. The records supporting this account shall be so kept as to show the basis of determining the amounts transferred to construction.

NOTE.—See electric plant instruction 6.

B A 808. Joint Expenses—Debit.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied, or operated in connection with administrative and general functions of the utility. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

1. Charges from others.
2. Charges from coordinate departments.

B A 809. Joint Expenses—Credit.

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the electric department in connection with its administrative and general functions as is chargeable to others, or to a coordinate department. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

1. Charges to others.
2. Charges to coordinate departments.

CLEARING ACCOUNTS

901. Charges by Associated Companies—Clearing.
902. Stores Expenses—Clearing.
903. Transportation Expenses—Clearing.
904. Laboratory Expenses—Clearing.
905. Shop Expenses—Clearing.

CLEARING ACCOUNTS

901. Charges by Associated Companies—Clearing.

A. This account shall include all charges made by associated companies against the utility for any purpose whatsoever except interest, including charges for management, supervision, purchasing, construction, accounting, engineering, legal, financial, rent, advertising, materials and supplies, equipment and other property, commissions, taxes, and other items.

B. This account shall be cleared by charging the appropriate accounts with the expenditures applicable thereto.

C. The records supporting this account shall be so kept as to show the nature of each charge together with the account or accounts to which each charge is cleared.

NOTE.—The mandatory use of this account may be suspended upon order of the Commission, if equivalent information is readily obtainable from other records of the utility.

902. Stores Expenses—Clearing.

A. This account shall include the cost of supervision, labor, and expenses incurred in the operation and maintenance of the electric general storerooms, including storage handling and distribution of materials and supplies.

B. Cash discounts shall be credited hereto when such discounts can not be applied to the cost of particular materials.

C. This account shall be cleared by adding to the cost of materials and supplies a suitable loading charge which will distribute the expense equitably over stores issues.

ITEMS

1. Adjustments of inventories of materials and supplies.
2. Books, stationery, and office supplies.
3. Building service.
4. Collecting and handling scrap materials in stores.
5. Communication service.
6. Discount on materials when not assignable to specific items.
7. Freight, express, etc., when not assignable to specific items.
8. Heat, light, and power for storerooms and stores offices.
9. Injuries and damages.
10. Inspecting and testing materials and supplies, when not assignable to specific items.
11. Insurance on materials and supplies and on stores equipment.
12. Losses due to breakage, leakage, evaporation, fire, and other causes. Credit any amounts received from insurance, transportation companies or others in compensation of such losses.
13. Maintenance of office furniture and equipment.
14. Maintenance of stores equipment.

15. Pay and expenses of storekeepers, clerks, and others employed in storerooms or in store offices.
16. Postage, stationery, and printing.
17. Rents.
18. Taxes, direct.
19. Transporting materials into storehouse, when not assignable to specific items.

NOTE A.—Large differences in the accounts, disclosed by inventories, which can readily be assigned to important classes of materials, shall be equitably adjusted among the accounts to which such classes of materials have been charged since the previous inventory. Other differences shall be equitably apportioned among the accounts to which materials have been charged, or included in Account 902, Stores Expenses—Clearing.

NOTE B.—Transportation charges on materials recovered from retirements of electric plant shall be charged to the account to which the cost of removal was charged.

903. Transportation Expenses—Clearing.

A. This account shall include the cost of supervision, labor, and expenses incurred in the operation and maintenance of the electric general transportation equipment, including direct taxes and depreciation on transportation equipment.

B. This account shall be cleared by apportionment to operating expense, electric plant, or other accounts on a basis which will distribute the expenses equitably. Credits to this account shall be made in such detail as to permit ready analysis thereof.

ITEMS

1. Books and stationery.
2. Building service.
3. Communication service.
4. Depreciation of transportation equipment.
5. Feed and bedding for horses and mules.
6. Fuel and lubricants for vehicles (including sales and excise taxes thereon).
7. Freight, express, drayage, etc., on fuel, repair parts, etc.
8. Heat, light, and power for garage and garage office.
9. Injuries and damages.
10. Insurance on garage equipment and transportation equipment including public liability and property damage.
11. License fees for vehicles and drivers.
12. Maintenance of office furniture and equipment.
13. Maintenance of transportation and garage equipment.
14. Office supplies, postage, etc.
15. Operation of garages and stables.
16. Pay and expenses of drivers, mechanics, etc.
17. Rent of garage buildings and grounds.
18. Rent of vehicles and other rents.
19. Taxes, direct.
20. Tires, tubes, and chains.

904. Laboratory Expenses—Clearing.

A. This account shall include the cost of supervision; pay of chemists, engineers, assistants, and other employees; and expenses of such employees, engaged in the operation and maintenance of electric general laboratories.

B. If a laboratory is maintained at a generating station in connection with the operation of the station, the costs incident to its operation and maintenance shall be charged to the appropriate generating expense account.

C. This account shall be cleared by apportioning on an equitable basis the total of the expenses to operating expense, electric plant, and other accounts benefited. Credits to this account shall be made in such detail as to permit ready analysis thereof.

ITEMS

1. Books and stationery.
2. Building service.
3. Charts.
4. Chemists and their assistants, pay and expenses of.
5. Communication service.
6. Heat, light, and power.
7. Injuries and damages.
8. Maintenance of equipment.
9. Periodicals.
10. Rents.
11. Taxes, direct.
12. Testing supplies.

NOTE.—The mandatory use of this account may be suspended upon order of the Commission, if equivalent information is readily obtainable from other records of the utility.

905. Shop Expenses—Clearing.

A. This account shall include the cost of supervision, labor, and expenses incurred in the operation and maintenance of electric general shops of the utility.

B. This account shall be cleared by apportionment to operating expense, electric plant, or other accounts benefited on a basis which will distribute the expenses equitably. Credits to this account shall be made in such detail as to permit ready analysis.

ITEMS

1. Books and stationery.
2. Building service.
3. Collecting and handling scrap materials.
4. Communication service.
5. Heat, light, and power.
6. Injuries and damages.
7. Repairs to shop equipment.
8. Rents.
9. Pay and expenses of superintendents, machinists, and other employees in shops.
10. Taxes, direct.

APPENDIX 1

Application of Uniform System of Accounts to State and Municipal Licensees

A. The definitions, instructions, and accounts contained in the foregoing main body of this system of accounts, as modified and supplemented by this appendix, shall apply to municipal licensees, to the extent applicable to operations of the electric department of the municipality, with the same force and effect as in the case of other licensees and public utilities subject to the jurisdiction of the Commission.

B. The word "municipality", as defined in the definitions, shall, for the purpose of this appendix, and when used hereinafter, be deemed to include States.

C. Whenever the term "electric department" is used in this appendix, it shall be understood to mean the electric department of a municipality, or such department of a municipality as is responsible for the construction or operation of the electric works and it shall also mean the electric works themselves and their operations. In case the business of a licensee technically defined as a "municipality" (see definition 22) is wholly and exclusively devoted to owning and operating an electric plant, then "electric department" and "municipality" will be synonymous terms.

D. Separate accounts and accounting records shall be maintained for the electric department as though it were a separate corporation or concern unless the electric department be synonymous with municipality. (See par. C above.)

E. In order that the books of the electric department may show accurately the results of operations, the electric department shall credit the appropriate accounts with the cost of property, services, materials, supplies, use of space or equipment, etc., furnished to the municipality or any other department thereof.

F. Similarly, the accounts for electric operations shall include the cost of all items applicable thereto, including expenses of the electric department paid by the municipality, and services, materials, supplies, water supply, use of space or equipment, etc., furnished by the municipality or any other department thereof to the electric department.

G. The offsetting debits or credits for the transactions covered in the two paragraphs E and F immediately preceding, to the extent that cash outlays or current settlements are not involved, shall be to Account 272, Constructive Surplus or Deficit.

H. These provisions are intended to make possible an accurate determination of the results of operations of the electric department by including in the operating accounts all applicable items, whether or not they represent actual payments. Thus, if an office of an electric department is located in a general municipal building and if no rent is paid to the municipality for such space, the appropriate account for such rent shall be debited with an equitable amount and the offsetting credit shall be to Account 272, Constructive Surplus or Deficit.

I. For convenience, all of the balance sheet, surplus, and clearing accounts prescribed for municipal licensees are listed hereinafter, but the texts are given for only those accounts which are in addition to those prescribed for other licensees and public utilities and for those accounts which are modified.

J. Where fund accounting is required, fund accounts may be kept, provided however, that the keeping of such fund accounts shall not relieve municipal licensees of the obligation to keep accounts and records as prescribed herein.

APPENDIX I

BALANCE SHEET ACCOUNTS

(For Municipal Licensees)

ASSETS AND OTHER DEBITS

Utility Plant

100. Electric Plant.
107. Electric Plant Adjustments.
108. Other Utility Plant:

Investment and Fund Accounts

110. Other Physical Property.
111. Advances to Municipality.
112. Other Investments.
113. Sinking Funds.
114. Miscellaneous Special Funds.

Current and Accrued Assets

120. Cash.
121. Special Deposits.
122. Working Funds.
123. Temporary Cash Investments.
124. Notes Receivable.
125. Accounts Receivable.
126. Receivables from Municipality.
128. Interest and Dividends Receivable.
129. Rents Receivable.
130. Accured Utility Revenues.
131. Materials and Supplies.
132. Prepayments.
133. Other Current and Accrued Assets:

Deferred Debits

140. Unamortized Debt Discount and Expense.
141. Extraordinary Property Losses.
142. Preliminary Survey and Investigation Charges.
143. Clearing Accounts.
144. Retirement Work in Progress.
145. Other Work in Progress.
146. Other Deferred Debits.

Reacquired Securities

153. Reacquired Long-Term Debt.

LIABILITIES AND OTHER CREDITS

Investment of Municipality

200. Investment of Municipality.

Long-Term Debt

210. Bonds—Electric.
211. Bonds—Municipality.
212. Advances from Municipality.
213. Miscellaneous Long-Term Debt.

Current and Accrued Liabilities

220. Notes Payable.
221. Notes Receivable Discounted.
222. Accounts Payable.
223. Payables to Municipality.
225. Matured Long-Term Debt.
226. Matured Interest.
227. Customers' Deposits.
228. Taxes Accrued.
229. Interest Accrued.
230. Other Current and Accrued Liabilities.

Deferred Credits

240. Unamortized Premium on Debt.
241. Customers' Advances for Construction.
242. Other Deferred Credits.

Reserves

250. Reserve for Depreciation of Electric Plant.
251. Reserve for Amortization of Limited-Term Electric Investments.
252. Reserve for Amortization of Electric Plant Acquisition Adjustments.
253. Reserve for Depreciation and Amortization of Other Property.
254. Reserve for Uncollectible Accounts.
255. Insurance Reserve.
256. Injuries and Damages Reserve.
257. Employees' Provident Reserve.
258. Other Reserves.

Contributions in Aid of Construction

265. Contributions in Aid of Construction.

Surplus

271. Earned Surplus.
272. Constructive Surplus or Deficit.

SUPPLEMENTAL BALANCE SHEET ACCOUNTS

(For Municipal Licensees)

ASSETS AND OTHER DEBITS

111. Advances to Municipality.

This account shall include the amount of loans and advances made by the electric department to the municipality or its other departments, when such loans or advances are subject to repayment but not subject to current settlement.

NOTE A.—Charges to the municipality or its other departments which are subject to current settlement shall not be included in this account but in Account 126, Receivables from Municipality.

126. Receivables From Municipality.

This account shall include all charges by the electric department against the municipality or its other departments which are subject to current settlement.

NOTE A.—When the combined balances of this account and Account 223, Payables to Municipality, result in a credit balance, such balance shall be reported, in stating the balance sheet, under the latter account.

LIABILITIES AND OTHER CREDITS

200. Investment of Municipality.

A. This account shall include the investment of the municipality in its electric department, when such investments are not subject to cash settlement on demand or at a fixed future time. Include herein the cost of debt-free electric plant constructed or acquired by the municipality and made available for use of the electric department, cash transferred to the electric department for working capital, and other expenditures of an investment nature.

B. There shall be charged to this account all amounts paid by the electric department in liquidation of the investment of the municipality.

NOTE A.—Do not include in this account any amount representing advances subject to repayment or amounts subject to current settlement. (See Account 112, Advances from Municipality, and Account 223, Payables to Municipality.)

NOTE B.—Amounts authorized to be paid to municipalities representing interest upon the municipality's investment in the electric department, shall be charged to Account 535, Other Interest Charges; amounts paid as taxes or tax equivalents shall be charged to Account 507, Taxes.

210. Bonds—Electric.

A. There shall be included in this account the face value of actually outstanding bonds, maturing more than one year from date of issue, which are primarily the obligation of the electric department or which are payable solely out of the funds or earnings of the electric department, and not matured at the date of the balance sheet, including bonds issued by others which have been assumed by, and are payable solely out of the funds or earnings of, the electric department.

B. The obligations included herein shall be so recorded as to show the amount of each issue and each class of bonds.

NOTE A.—Bonds issued or assumed for purposes of the electric department as to which no separate legal obligation to pay is imposed on the electric department, shall not be included in this account but in Account 211, Bonds—Municipality.

NOTE B.—Bonds matured at the date of the balance sheet shall be excluded therefrom and included in Account 225, Matured Long-Term Debt.

NOTE C.—In cases where the electric department and the municipality, as defined herein, are one and the same, all bonds issued or assumed for its purposes shall be included herein.

NOTE D.—Securities of the electric department maturing one year or less from date of issue shall be included in Account 220, Notes Payable, except that where an issue of securities maturing serially over a period of more than one year contains short-term obligations, such obligations shall be included in this account.

NOTE E.—For instructions relative to accounting for discount, expense, and premium on long-term debt includible in this account, see balance sheet instruction 6.

211. Bonds—Municipality.

A. There shall be included in this account the face value of actually outstanding bonds, maturing more than one year from date of issue, issued by the municipality for purposes of the electric department, which are primarily legal obligations of the municipality and not of the electric department, even though an implied obligation to pay is imposed on the electric department, and, in fact, payments thereon may be made by, or out of funds of, such electric department.

B. The obligations included herein shall be so recorded as to show the amount of each issue and each class of bonds.

NOTE A.—Bonds issued or assumed by the municipality for purposes of the electric department but which by their express terms are payable solely out of funds or earnings of the electric department, shall not be included in this account but in Account 210, Bonds—Electric.

NOTE B.—Bonds matured at the date of the balance sheet shall be excluded herefrom and included in Account 225, Matured Long-Term Debt.

NOTE C.—In cases where the municipality, as defined herein, and the electric department are one and the same, all bonds issued or assumed by the municipality shall be included in Account 210, Bonds—Electric.

NOTE D.—Securities of the municipality maturing one year or less from date of issue, the proceeds of which were used or are specifically set aside to be used for purposes of the electric department, shall be included in Account 212, Advances from Municipality, Account 220, Notes Payable, Account 223, Payables to Municipality, or Account 200, Investment of Municipality, as appropriate, except that where an issue of securities of the municipality maturing serially over a period of more than one year contains short-term obligations, such obligations shall be included in this account.

NOTE E.—For instructions relative to accounting for discount, expense, and premium on long-term debt includible in this account, see balance sheet instruction 6.

212. Advances From Municipality.

This account shall include the amount of loans and advances made by the municipality or its other departments to the electric department when such loans and advances are subject to repayment but not subject to current settlement.

NOTE A.—Charges to the electric department by the municipality or its other departments which are subject to current settlement shall not be included in this account but in Account 223, Payables to Municipality.

223. Payables to Municipality.

This account shall include amounts payable to the municipality which are subject to current settlement; also amounts authorized to be paid within one year from the date of the balance sheet as repayment of advances from or investment of, the municipality, concurrent charges being made to Account 212, Advances from Municipality, or Account 200, Investment of Municipality, as appropriate.

NOTE.—When the combined balances of this account and Account 126, Receivables from Municipality, result in a debit balance, such balance shall be reported, in stating the balance sheet, under the latter account.

271. Earned Surplus.

This account shall include the balance, either debit or credit, of unappropriated surplus of the electric department arising from earnings. It shall not include amounts properly includible in Account 272, Constructive Surplus or Deficit.

272. Constructive Surplus or Deficit.

There shall be credited to this account amounts representing services, supplies, etc., furnished the electric department by the municipality or its other departments without charge, or the amount of the reduction if furnished at a reduced charge. There shall be charged to this account amounts representing electricity, services, supplies, etc., furnished by the electric department to the municipality or its other departments without charge, or the amount of the reduction if furnished at a reduced charge. (See operating revenue instruction 8 hereinafter.)

EARNED SURPLUS ACCOUNT

(For Municipal Licensees)

CREDITS

371. Earned Surplus (at beginning of period).
400. Credit Balance Transferred from Income Account.
401. Miscellaneous Credits to Surplus.
Total Credits.

DEBITS

410. Debit Balance Transferred from Income Account.
411. Authorized Cash Distributions to the Municipality.
413. Miscellaneous Reservations of Surplus.
414. Miscellaneous Debits to Surplus.
Total Debits.
371. Earned Surplus (at end of period).

SUPPLEMENTAL SURPLUS ACCOUNTS

(For Municipal Licensees)

411. Authorized Cash Distributions to the Municipality.

This account shall include the cash distributions authorized to be made to the municipality out of the earned surplus of the electric department.

SUPPLEMENTAL INSTRUCTIONS—INCOME ACCOUNTS

(For Municipal Licensees)

Instruction 5. Tax Equivalents.

In cases where the electric department pays to the municipality amounts which are understood to constitute payments equivalent to or in lieu of amounts that would be paid if the department were subject to local tax levies, amounts thus authorized to be paid shall be charged to Account 507, Taxes, which account shall be so subdivided as to show actual taxes and amounts charged as tax equivalents or in lieu of taxes.

SUPPLEMENTAL INSTRUCTIONS—OPERATING REVENUE ACCOUNTS

(For Municipal Licensees)

Instruction 8. Electric Energy Supplied to Municipality.

Electric energy supplied to the municipality by the electric department shall be recorded in the revenue accounts provided herein

at tariff rates or at rates equivalent to those paid by customers for like service. If the municipality does not pay for the electric energy thus supplied, or if payment is made at reduced rates, the total amount or difference, as the case may be, shall be charged to Account 272, Constructive Surplus or Deficit. All such revenues, except those properly includible in Account 603, Public Street and Highway Lighting, shall be included in Account 604, Other Sales to Public Authorities, which account shall be so subdivided as to show sales to the municipality and to other public authorities.

CLEARING ACCOUNTS

(For Municipal Licensees)

901. Charges by Municipality—Clearing.
902. Stores Expenses—Clearing.
903. Transportation Expenses—Clearing.
904. Laboratory Expenses—Clearing.
905. Shop Expenses—Clearing.

SUPPLEMENTAL CLEARING ACCOUNTS

(For Municipal Licensees)

901. Charges by Municipality—Clearing.

A. This account shall include all charges made by the municipality against the electric department for any purpose whatsoever, except amounts payable by the electric department to the municipality for taxes imposed or tax equivalent, amounts payable as interest or return on the investment of the municipality in the electric department, and authorized cash distributions. Include in this account charges for or incident to management, supervision, purchasing, construction, accounting, engineering, legal, financial, rent, advertising, materials and supplies, equipment and other property, commissions, insurance, printing, portions of the salaries and expenses of officers and employees of the municipality chargeable to the electric department, and all other items, whether the ultimate distribution is to electric plant, operating expense, or other accounts.

B. This account shall be cleared by charging to the appropriate accounts the amounts applicable thereto.

C. No debits for any expenditures described in paragraph A above shall be made to any other account in this system of accounts except by clearing through this account.

NOTE.—The mandatory use of this account may be waived or suspended upon approval or order of the Commission, if equivalent information is readily obtainable from other sources in the records of the electric department.

APPENDIX II

Application of Classification of Investment in Road and Equipment of Steam Roads Prescribed by the Interstate Commerce Commission, Issue of 1914, in Determination of Cost of Licensed Projects

A. In section 3 of the Federal Power Act, approved August 26, 1935, the words "net investment", as related to licensed projects, are defined as meaning "the actual legitimate original cost thereof as defined and interpreted in the classification of investment in road and equipment of steam roads, issue of 1914, Interstate Commerce Commission', plus similar costs of additions thereto and betterments thereof", minus the sum of certain specified items; and it is further provided in said section 3 that "The term 'cost' shall include, insofar as applicable, the elements thereof prescribed in said classification, but shall not include expenditures from funds obtained through donations by States, municipalities, individuals, or others * * *."

B. The said classification is included herein in its entirety. It is not intended that it shall be used in the classification of debits and credits pertaining to licensed projects, but the principles set forth therein, except as modified by section 3 of the Act, shall be controlling in the determination of the cost of original projects licensed under said Act and of additions thereto and betterments thereof, and the elements of such cost.

C. As used in the foregoing paragraph B, the term "original projects" for purposes of this system of accounts shall be understood to mean the lands, fixed improvements and equipment, and the franchises, rights, etc., provided and arranged for in the original plan for the construction of new plant. When the plans provide for the construction of the plant in more than one part or unit, the part or unit first completed or made ready for service shall constitute the original project, and subsequent acquisitions or construction of property shall be considered as additions.

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CLASSIFICATION

OF

INVESTMENT IN ROAD AND EQUIPMENT

OF

STEAM ROADS

PRESCRIBED BY THE

INTERSTATE COMMERCE COMMISSION

IN ACCORDANCE WITH SECTION 20 OF THE ACT TO REGULATE COMMERCE

ISSUE OF 1914

Effective on July 1, 1914

WASHINGTON
GOVERNMENT PRINTING OFFICE
1914

THE INTERSTATE COMMERCE COMMISSION.

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JUDSON C. CLEMENTS, *of Georgia.*
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GEORGE B. MCGINTY, *Secretary.*

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ORDER.

At a General Session of the INTERSTATE COMMERCE COMMISSION, held at its office in Washington, D. C., on the 19th day of May, A. D. 1914.

The subject of a Uniform System of Accounts to be prescribed for and kept by carriers being under consideration, the following order was entered:

It is ordered, That the Classification of Investment in Road and Equipment of Steam Roads and the text pertaining thereto, embodied in printed form to be hereafter known as Issue of 1914, a copy of which is now before this Commission, be, and the same is hereby, approved; that a copy thereof duly authenticated by the Secretary of the Commission be filed in its archives, and a second copy thereof, in like manner authenticated, in the office of the Division of Carriers' Accounts; and that each of said copies so authenticated and filed shall be deemed an original record thereof.

It is further ordered, That the said Classification of Investment in Road and Equipment of Steam Roads with the text pertaining thereto be, and is hereby, prescribed for the use of carriers by rail (exclusive of electric railways) subject to the provisions of the Act to Regulate Commerce as amended, in the keeping and recording of their accounts of investment in road and equipment; that each and every such carrier and each and every receiver or operating trustee of any such carrier be required to keep all said accounts in conformity therewith; and that a copy of said issue be sent to each and every such carrier and to each and every receiver or operating trustee of any such carrier.

It is further ordered, That any such carrier or any receiver or operating trustee of any such carrier may subdivide any primary account established in said issue, or may make assignment of the amount included in any such primary account to operating divisions, to its individual lines, or to States: *Provided, however*, That such subprimary accounts set up or such assignments made by any such carrier or by any receiver or operating trustee of any such carrier do not impair the integrity of the accounts hereby prescribed; and *provided also* that a list of such subprimary accounts set up or such assignments made be first filed in the office of the Division of Carriers' Accounts, subject to disapproval by the Commission.

It is further ordered, That in order that the basis of comparison with previous years be not destroyed, any such carrier or any receiver or operating trustee of any such carrier may, during the twelve months ending June 30, 1915, keep and maintain, in addition to the accounts of investment in road and equipment hereby prescribed, such portion or portions of its present accounts with respect to items of investment in road and equipment as may be deemed desirable by any such carrier or by any receiver or operating trustee thereof, for the purpose of such comparison; or, during the same period, may maintain such groupings of the primary accounts hereby prescribed as may be desired for that purpose.

It is further ordered, That, unless otherwise ordered, any such carrier or any receiver or operating trustee of any such carrier may keep any temporary or experimental accounts for investment the purpose of which shall be to develop economies in construction: *Provided, however*, That such temporary or experimental accounts shall not impair the integrity of any general or primary account hereby prescribed.

It is further ordered, That July 1, 1914, be, and is hereby, fixed as the date on which said issue of the Classification of Investment in Road and Equipment shall become effective.

By the Commission.

[SEAL] GEORGE B. MCGINTY,
Secretary.

INTRODUCTORY LETTER.

INTERSTATE COMMERCE COMMISSION,
DIVISION OF CARRIERS' ACCOUNTS,
Washington, May 19, 1914.

TO ACCOUNTING OFFICERS OF STEAM RAILWAYS:

This Classification of Investment in Road and Equipment supersedes the Classification of Expenditures for Road and Equipment, First Revised Issue, effective July 1, 1907, with the Supplement thereto, effective July 1, 1908, and also the Classification of Expenditures for Additions and Betterments, First Revised Issue, effective July 1, 1910. It also supersedes conflicting instructions contained in Accounting Bulletin No. 8.

The plan of merging the accounts of expenditures for additions and betterments with the accounts for investment in road and equipment provides that carriers' records shall be kept in such form that the expenditures for additions and betterments may be reported separately from those for original road, original equipment, and road extensions.

Distinct accounts have been provided for the investment in several classes of buildings which, under the former classification, were included in the account "Miscellaneous structures."

The general and special instructions contain a comprehensive statement of the principles underlying the classification, indicating generally the application of the accounting rules. The attention of accounting officers is called to the importance of requiring all employees who are assigned to accounting work in connection with investment in road and equipment to familiarize themselves thoroughly with these instructions.

In the preparation of the revision of the accounting rules contained in this and other classifications for steam roads, which are concurrently issued, the Commission has had the cooperation of the Association of American Railway Accounting Officers, and of its Standing Committee on Corporate, Fiscal, and General Accounts.

The classification, in tentative form, was presented for criticism and suggestions to the chief accounting officer of each railway and

to the railway commissions of the several States. All suggestions received from such parties have been given careful consideration and many of them have been incorporated in the classification as here issued.

FRED W. SWENEY,
Chief Examiner of Accounts.

GENERAL INSTRUCTIONS.

The carrier's records shall be kept with sufficient particularity to show fully the facts pertaining to all entries made in the accounts provided herein for investment in road and equipment. Where the full information is not recorded in the general books, the entries therein shall be supported by other records in which the full details shall be shown. Such general book entries shall contain sufficient reference to the detail records to permit ready identification, and the detail records shall be filed in such manner as to be readily accessible for examination by representatives of the Interstate Commerce Commission.

1. ACCOUNTS FOR INVESTMENT IN ROAD AND EQUIPMENT.—The accounts prescribed in this classification are designed to show the investment of the carrier in property devoted to transportation service. The carrier's investment in physical property other than transportation property is provided for in balance-sheet account No. 705, "Miscellaneous physical property." *The carrier* means the accounting carrier, except when otherwise specifically indicated. The carrier's records shall be kept in such form that expenditures for additions and betterments may be reported separately from those for original road, original equipment, and road extensions, and shall show separately the expenditures under each authorized addition and betterment project. (See balance-sheet account No. 701, "Investment in road and equipment," and No. 702, "Improvements on leased railway property.")

2. ITEMS TO BE CHARGED.—To these accounts shall be charged the cost of original road, original equipment, road extensions, additions, and betterments; also the estimated values at time of acquisition of right of way and other road and equipment property donated to the carrier, except that unless authorized by the Commission no charges shall be made to these accounts after July 1, 1914, for donations received previously to that date. Applications to the Commission for including such items in the road and equipment accounts shall contain full information concerning the source and character of the donations.

If the total cost of additions and betterments to any class of equipment, or any class of fixed improvements (except tracks), under a general plan, considered as a whole, is less than $200, the option may be exercised of charging the amount expended to the appropriate account in Operating Expenses. This rule is not to be construed as authorizing the parceling of expenditures in order to bring them within this limit.

Construction includes all processes connected with the acquisition and construction of original road and equipment, road extensions, additions, and betterments.

Original road means the land and fixed improvements provided and arranged for in the original plan for the construction of a new road. When the acquisition of any such fixed improvements under the original plan is deferred, such improvements, when acquired, shall be considered as additions. Original road shall not be construed to include fixed improvements which, under the original plans for the road, it is proposed to substitute at some time subsequent to the beginning of commercial operations for the improvements originally installed and used for transportation operations, such as steel bridges substituted for trestles.

Original equipment means equipment provided and arranged for under the original plan for the construction of a new road. When the acquisition of such equipment under the original plan is deferred, such equipment, when acquired, shall be considered as additions.

Road extensions means the land and fixed improvements provided and arranged for in the original plan for the construction of extensions of existing main lines, additional branch lines, and extensions of existing branch lines. When the acquisition of any such fixed improvements under the original plan is deferred, such improvements, when acquired, shall be treated as additions. Road extensions shall not be construed to include fixed improvements which under the original plans for the extensions it is proposed to substitute, at some time subsequent to the beginning of commercial operations, for the improvements originally installed and used for transportation in connection with commercial operations, such as steel bridges substituted for trestles.

Equipment means the rolling stock, boats, highway vehicles, horses, and harness devoted to transportation service, the cost of which is includible in the equipment accounts.

Fixed improvements means structures which are fixed as to location, such as tunnels, bridges, buildings, earthworks, etc.

Additions are additional facilities, such as additional equipment, tracks (including timber and mine tracks), buildings, bridges, and other structures; additions to such facilities, such as extensions to tracks, buildings, and other structures; additional ties laid in existing tracks; and additional devices applied to facilities, such as air brakes applied to cars not previously thus equipped. When property, such as a section of road, track, unit of equipment, shop or power plant machine, building, or other structure, is retired from service and replaced with property of like purpose, the newly acquired property shall, for the purpose of this classification, be considered as an addition, and the cost thereof accounted for accordingly. (See section 7.) If, however, the property retired and replaced is of minor importance, such as a small roadway building or other structure, and is replaced in kind without betterment, the cost of the replacement shall be charged to Operating Expenses, and no adjustment made in the road and equipment accounts.

Betterments are improvements of existing facilities through the substitution of superior parts for inferior parts retired, such as the substitution of steel-tired wheels for cast wheels under equipment, the application of heavier rail in tracks, and the strengthening of bridges by the substitution of heavier members. The cost chargeable to the accounts of this classification is the excess cost of new parts over the cost at current prices of new parts of the kind retired. (See section 12.)

Costs shall be actual money costs to the carrier. Where a portion of the funds expended by the carrier has been obtained through donations by States, municipalities, individuals, or others, no deductions on account of such donations shall be made in stating the costs. Contributions for joint expenditures should not be considered as donations. The carrier's proportion only of the cost of joint projects, such as construction of jointly owned tracks and elimination of highway crossings at joint expense, shall be included in these accounts.

3. BASIS OF CHARGES.—The charges to the accounts of this classification shall be based upon the cost of the property acquired. When the consideration given for the purchase or the improvement of property the cost of which is chargeable to the accounts of this classification is other than money, the money value of the consideration at the time of the transaction shall be charged to these accounts, and the actual consideration shall be described in the record in sufficient detail to identify it. The carrier shall be prepared to furnish the Commission, upon demand, the particulars of its determination of the actual cash value of the consideration, if other than money.

4. COST OF CONSTRUCTION.—It is intended that the accounts for fixed improvements and equipment shall include the cost of construction of such property. The cost of construction shall include the cost of labor, materials and supplies, work-train service, special machine service, transportation, contract work, protection from casualties, injuries and damages, privileges, and other analogous elements in connection with such work. The several items of cost here referred to are defined as follows:

(a) *Cost of labor* includes the amount paid for labor expended by the carrier's own employees, including the cost of labor expended for preliminary work, such as sinking test holes or making soundings for tunnels, grading, buildings, and other structures; and cost of labor expended in laying and taking up tracks for temporary use in construction, except the cost of labor expended on tracks provided for the protection of traffic during the progress of addition and betterment work. Office expenses and traveling and other personal expenses of employees, when borne by the carrier, shall be considered a part of the cost of the labor, as shall also the cost of fidelity bonds and employers' liability insurance premiums. When officers or employees are specially assigned to construction work, their pay and their traveling and incidental expenses while thus engaged shall be included in the cost of the work. No charge shall be made against road and equipment accounts for the pay of officers who merely render services incidentally in connection with extensions, additions, or betterments; although traveling and incidental expenses incurred by such officers solely on account of such work shall be included in the account to which the cost of the work is chargeable.

(b) *Cost of materials and supplies* includes the purchase price of materials and supplies, including small tools, at the point of free delivery, plus the costs of inspection and loading assumed by the carrier; also a suitable proportion of store expenses. (See special instructions for operating expense accounts, sections 16 and 17.) In calculating the cost of materials used, proper allowance shall be made for the value of unused portions and of cuttings, turnings, borings, etc.; for the value of the material recovered from temporary tracks, scaffolding, coffer-dams, and other temporary structures used in construction; and for the value of small tools recovered and used for other purposes.

(c) *Cost of work-train service* includes amounts paid to others for rent and maintenance of the equipment used; cost of labor of enginemen, trainmen, and enginehouse men, including the wages of engine crews and train crews held in readiness for such service; and the cost of fuel and other supplies consumed in connection with the operation of work trains. It shall also include the cost of maintaining the carrier's own equipment while used in construction service and a fair rent for such equipment while so used. Amounts charged for rent of such equipment used in construction shall concurrently be credited to the appropriate income account for hire of equipment. No "rent" or return upon the investment in such equipment shall be charged for the use of equipment acquired with the proceeds of securities sold, when the interest upon such securities is charged to the accounts of this classification.

(d) *Cost of special machine service* includes the cost of labor expended and of materials and supplies consumed in maintaining and operating steam shovels, scrapers, rail unloaders, ballast unloaders, pile drivers, dredges, ditchers, weed burners, and other labor-saving machines; also rents paid for use of such machines. (See Note A under account No. 37, "Roadway machines," and text of general account II, Equipment, seventh paragraph.)

(e) *Cost of transportation* includes the amounts paid to other companies or individuals for the transportation of men, materials and supplies, special machine outfits, appliances, and tools in connection with construction. Freight charges paid foreign lines for the transportation of construction material to the carrier's line shall be included, so far as practicable, as a part of the cost of the material,

when such charges are borne by the carrier. A fair allowance representing the expense to the carrier of such transportation in transportation service trains over the carrier's own line also shall be included. When the cost of such transportation is not assignable to specific work, it shall be included in account No. 43, "Other expenditures—Road." Amounts thus charged for transportation in transportation service trains over the carrier's line shall be credited to operating expense general account VIII, Transportation for Investment—Cr.

(*f*) *Cost of contract work* includes amounts paid for work performed under contract by other companies, firms, or individuals, and costs incident to the award of the contract.

(*g*) *Cost of protection from casualties* includes expenditures for protection against fire, such as payments for discovery or extinguishment of fires, cost of detecting and prosecuting incendiaries, witness fees in relation thereto, amounts paid to municipal corporations and others for fire protection, and other analogous items of expenditure in connection with construction work.

(*h*) *Cost of injuries and damages* includes expenditures on account of injuries to persons or damage to property when incident to construction projects, and shall be included in the cost of the work in connection with which the injury or damage occurs. It also includes that portion of premiums paid for insuring property applicable to the period prior to the completion or coming into service of the property insured. Insurance recovered on account of compensation paid for injuries to persons incident to construction shall be credited to the accounts to which such compensation is charged, and insurance recovered on account of damages to property incident to construction shall be credited to the accounts chargeable with the expenditures necessary for restoring the damaged property. The cost of injuries and damages incident to the removal of old structures, or parts thereof, shall be charged to Operating Expenses or Profit and Loss, as may be appropriate, except that such costs in connection with the removal of old structures which are incumbrances on newly acquired lands shall be included in account No. 2, "Land for transportation purposes," or No. 3, "Grading," as may be appropriate. (See sections 7 and 8.)

(*i*) *Cost of privileges* includes compensation for temporary privileges, such as the use of public property or streets, in connection with the construction of the property of the carrier.

5. EXCAVATED MATERIAL.—The cost of disposing of material excavated in connection with construction shall be considered as a part of the cost of the work except that when such material is used for filling, the cost of removal and dumping shall be equitably apportioned between the work in connection with which the removal occurs and the work in connection with which the material is used.

6. ITEMS TO BE CREDITED.—To these accounts shall be credited the ledger value of property retired.

Ledger value of property is the value at which the property is carried in the property investment account in the general ledger of the carrier. In case the value of any item of property is not shown separately in the ledger the ledger value of that item shall be its proportionate share of the value of the entire group in which the particular property is included.

Property retired means property which is sold, abandoned, demolished, or otherwise withdrawn from transportation service.

Salvage from retired property is the value of material recovered from property retired. When such material is retained and again used by the carrier, the value shall be computed upon the basis of fair prices for the material in its condition as recovered. When such material is sold, the net proceeds of the sale shall be considered as the value of the material.

7. PROPERTY RETIRED AND REPLACED.—When a unit of property other than land or equipment—such as a section of road, side or yard track, shop or power

plant machine, building, or other structure—is retired from service and replaced with property of like purpose, the ledger value of the retired property shall be credited to the appropriate accounts of this classification at the time that the property is retired from service. The amount of this credit shall be charged concurrently as follows:

An amount equal to the credit balance in the accrued depreciation balance-sheet account with respect to the property thus retired shall be charged to that account and the remainder (less salvage and insurance recovered, if any), together with the cost of demolishing the property, if demolished by or for the carrier, shall be charged to the accounts in Operating Expenses appropriate for the cost of repairs of the property before retirement. The accounting for the salvage shall be in accordance with the disposition made of the material recovered.

If, however, the property retired and replaced with property of like purpose is of minor importance, such as a small roadway building or other small structure, and is replaced in kind without betterment, the cost of the replacement shall be charged to operating expense accounts, and no adjustment made in the road and equipment accounts.

If so authorized by the Interstate Commerce Commission, the carrier may charge to Profit and Loss any extraordinarily large item representing the cost of property retired and replaced, instead of charging such item to Operating Expenses. The carrier shall file with the Commission a statement of the cost and a description of the property retired and the reasons which, in its judgment, indicate the propriety of charging the cost of such property to Profit and Loss.

The provisions of this section are applicable in accounting (at the time of retirement) for the cost of property abandoned, even though the new property has been actually installed previously to the date of the demolishment of the abandoned property.

When the renewals to be made to an important building or other structure will constitute the major portion of its value when renewed, the property, when taken out of service, shall be considered as retired and accounted for as provided above, and for the purposes of this classification the renewed property shall be considered as an addition, and the appraised cost thereof shall be included in the accounts of this classification, consideration being given to the secondhand portions remaining therein. In no case shall the charge for the renewed property exceed the cost (at current market prices of labor and material) of new property of equal capacity and equal expectation of life in service, less a suitable allowance on account of the secondhand parts remaining therein.

8. PROPERTY RETIRED AND NOT REPLACED.—When a unit of property other than land or equipment—such as a section of road, side or yard track, shop or power plant machine, building, or other structure—is retired from service and not replaced, the ledger value shall be credited to the appropriate property accounts at the time that the property is retired from service. The amount of this credit shall be concurrently charged as follows:

An amount equal to the credit balance in the accrued depreciation balance-sheet account with respect to the property thus retired shall be charged to that account, and the remainder (less salvage and insurance recovered, if any), together with the cost of demolishing the property if demolished by or for the account of the carrier, shall be charged to the appropriate profit and loss account. The accounting for the salvage shall be in accordance with the disposition made of the material recovered.

9. EQUIPMENT RETIRED.—The instructions for accounting for equipment retired are contained in the text of the general account II, Equipment.

10. LAND RETIRED.—When any land, the cost of which is included in the accounts of this classification, is retired, the ledger vlaue shall be credited to

account No. 2, "Land for transportation purposes." If the land is retained by the carrier, its estimated value shall be charged to balance-sheet account No. 705, "Miscellaneous physical property," the necessary adjustment of the difference between the ledger value and the estimated value on account of the loss in the property due to its retirement from transportation service shall be made through Profit and Loss. If sold, the difference between the ledger value credited to account No. 2 and the amount received for the land shall be adjusted in Profit and Loss.

11. ADJUSTMENTS FOR CONVERTED PROPERTY.—When property, such as a unit of equipment, a building, or other facility of one class, is converted into property of another class, so that the amount of investment in such property must be transferred from one account of this classification to another, the ledger value shall be credited to the appropriate road and equipment account. Proper account shall be taken of any salvage recovered in the process of conversion. The amount of the balance in the accrued depreciation balance-sheet account, with respect to the property thus converted, shall be charged to that account. The appraised cost of the property converted (consideration being given to the secondhand portions remaining therein) shall be included in the appropriate account of this classification. The charge for the converted property in no case shall exceed the cost (at current market prices of labor and material) of new property of equal capacity and equal expectation of life in service, less a suitable allowance on account of the secondhand portions remaining therein. The ledger value of the property before conversion, plus the cost of conversion, less the sum of the estimated value of the property as converted, the amounts charged to accrued depreciation accounts, and the salvage recovered, shall be charged to the operating expense accounts appropriate for the costs of repairs of the fixed improvements or for the retirement of equipment before conversion.

12. EXPENSES IN CONNECTION WITH ADDITIONS AND BETTERMENTS.—The cost of removing old material from equipment and from buildings, bridges, wharves, tracks, and other fixed improvements, shall be charged to the appropriate operating expense accounts. Such charges shall include the cost of removing old foundations and filling old excavations, and restoring condition of grounds after addition and betterment work; rearranging or relocating existing tracks; relocating telegraph and telephone poles or lines, fences, track and other signals, buildings, bridges, trestles, culverts, and other structures, and farm and highway crossings, including crossing gates and alarms, when the provisions of section 3 of these instructions are not applicable; and maintaining or protecting traffic during the progress of addition and betterment work, including the cost of constructing, maintaining, and removing temporary tracks required for maintaining traffic during the progress of the work.

13. INTERPRETATION OF ITEM LISTS.—Lists of "items," "details," etc., have been given as a part of this classification for the purpose of clearly indicating the application of the accounting rules in specific cases. The lists in every case are to be considered as merely representative, and not as excluding from any account analogous items which happen to be omitted from the list appended. On the other hand, the appearance of an item in a list warrants the inclusion of the item in the account concerned only when the text of the account also indicates inclusion, inasmuch as the same item frequently appears in more than one list. The item of boilers, for example, will be found under accounts Nos. 18, 27, 37, 44, and 45, and the proper charge in any one instance must be determined by the text of the account.

14. SUBMISSION OF QUESTIONS.—To the end that uniformity of accounts may be maintained from year to year, carriers shall submit all questions of doubtful interpretation of the accounting rules to the Commission for consideration and decision.

TEXT PERTAINING TO ACCOUNTS FOR INVESTMENT IN ROAD AND EQUIPMENT.

I. ROAD.

The several primary accounts included in this general account are designed to show the cost of land, fixed improvements, and roadway machines and tools owned by the carrier and devoted to transportation service.

1. ENGINEERING.

This account shall include the pay and expenses of engineers, assistants, and clerks engaged in the survey and construction of new lines and extensions, or in making additions to and betterments of the carrier's road, including wharves and docks.

LIST OF OFFICERS AND EMPLOYEES.

(See general instructions, section 13.)

Chief engineer.
Assistant engineers.
Bridge engineer.
Signal engineer.
Architects.
Chief clerk.
Draftsmen.
Clerks.
Transitmen.
Levelmen.
Rodmen.
Chainmen.
Axmen.
Messengers.
Cooks on business cars.
Porters on business cars.

ITEMS OF EXPENSE AND SUPPLIES.

(See general instructions, section 13.)

Atlases and maps.
Axes.
Barometers.
Books for office use.
Boxes for materials and instruments.
Business car service.
Cameras.
Camp equipage.
Chains for surveyors.
Compasses.
Curves.
Drawing boards.
Drawing instruments.
Field glasses.
Field notebooks.
Furniture repairs and renewals.
Hatchets.
Heating and lighting.
Levels.
Magnets.
Magnifiers.
Marking chalk.
Official train service.
Oilstones.
Paper, blue-print.
Parallel rules.
Periodicals and newspapers.
Photographic supplies.
Plane tables.
Planimeters.
Plummets.
Printing and stationery.
Protractors.
Provisions for business cars.
Ranging poles.
Reading glasses.
Rent of offices.
Repairs of rented offices.
Rods for surveyors.
Scales.
Section liners.
Sextants.
Slide rules.
Stakes.
Straightedges.
Tally registers.
Tape lines.
Tee-squares.
Telegraph service.
Telephone service.
Telescopes.
Thermometers.
Thumb tacks.
Tracing linen.
Transits.
Traveling expenses.
Traverse tables.
Triangles.
Tripods.
Verniers.
Water and ice.

NOTE A.—When employees designated above are engaged in the maintenance of the road, their pay and expenses while thus employed shall be charged to Operating Expenses.

NOTE B.—Expenditures for tentative or preliminary surveys shall be carried in a suspense account until it is determined whether or not to continue the work. If the project is continued, expenditures for all surveys in connection therewith shall then be transferred to this account, and, if abandoned, to Operating Expenses, Income, or Profit and Loss, as may be appropriate.

NOTE C.—The cost of designing, making plans and specifications, and supervising the construction of equipment shall be included in the cost of the equipment.

NOTE D.—The cost of stationery and printing supplies used for accounting purposes in connection with engineering work shall be included in account No. 74, "Stationery and printing," when not directly assignable to specific road or equipment accounts.

NOTE E.—Fees and expenses of architects specially employed for designing or supervising the construction of buildings shall be included in the accounts appropriate for the cost of the buildings constructed.

2. LAND FOR TRANSPORTATION PURPOSES.

This account shall include the cost of land of necessary width acquired for roadway; the cost of land for station, office, shop, and other grounds; for ingress to or egress from such grounds; for borrow pits, waste banks, snow fences, sand fences, and other railway appurtenances; and for storage of material adjoining the right of way; the cost of land for wharves and docks and the cost of riparian or water rights necessary therefor; the cost of removing from the right of way and locating elsewhere the property of others, and the cost of the necessary land for relocation of the property, when such costs are assumed by the accounting carrier.

The carrier's records shall be kept in such manner as to show separately the cost of land purchased by it and the estimated values at time of acquisition of lands donated.

Proceeds from the sale of timber or of improvements purchased with right of way, less any cost of removal, shall be credited to this account.

ITEMS OF EXPENSE.

(See general instructions, section 13.)

Abstracts.
Appraisals.
Arbitrators in condemnation cases.
Commissions paid to others.
Condemnation expenses, including court costs and special counsel fees.
Damages to property of others.
Deferred payments for right of way.
Ditches for waterways when part of consideration.
Judgments and decreed costs to clear or defend titles.
Notarial fees.
Plats.
Premiums on condemnation bonds.
Recording deeds.
Payments for relinquishment of cattle passes and other rights.
Removal and relocation of buildings and other structures not purchased.
Rent of land when part of consideration for purchase.
Right-of-way agents' compensation (engaged solely in acquiring right of way).
Taxes accrued and assumed at time of purchase.

NOTE.—The cost of land acquired in excess of that necessary for transportation operations shall be included in balance-sheet account No. 705, "Miscellaneous physical property." When the purchase of land acquired for transportation operations involves the purchase of land not used for such purposes the charges to this account shall be based upon the estimated cost of only that portion which is used for such purposes, and the cost of the remaining land shall be included in account No. 705, "Miscellaneous physical property."

3. GRADING.

This account shall include the cost of clearing and grading the roadway, and of constructing protection of a permanent character for the roadway, tracks, embankments, and cuts.

When a part of a bridge or trestle, or the entire structure, is converted by filling into an earth embankment, and the bridge is used in lieu of a temporary trestle for the purpose of filling, the estimated cost of such temporary trestle shall be included in the cost of the filling, and charged to this account. (See Note A, under account No. 6, "Bridges, trestles, and culverts.")

When a tunnel is converted into an open cut, the cost of clearing, grubbing and excavating shall be included in this account.

DETAILS OF ROADBED AND ITEMS OF EXPENSE.

(See general instructions, section 13.)

Advertising for contractors' bids.
Berm ditches.
Blasting.
Breakwaters.
Bulkheading.
Clearing land.
Cribbing.
Ditches (not required by right-of-way agreement).
Dressing slopes.
Excavation for conversion of tunnels into open cuts.

Filling bridges, trestles, and culverts.
Grading outfits.
Grubbing land.
Material taken from borrow pits.
Operation of steam shovels.
Payments for privilege of wasting material on the property of others.
Payments for waste banks off the right of way.
Reconstruction of highways.
Retaining walls.
Revetments.
Riprap.
Spoil banks.
Temporary trestling for fills.
Tools for grading.
Wing dams.

4. UNDERGROUND POWER TUBES.

This account shall include the cost of power tubes or conduits for underground contacts of electric railways or for underground cables of cable traction railways.

DETAILS OF UNDERGROUND CONTACT SYSTEM.

(See general instructions, section 13.)

Concrete work.
Drainpipes.
Manhole covers.
Manhole frames.
Plow pits.
Pulleys.
Sheaves.
Slot rails.
Yokes.

NOTE.—The cost of track rails, other track material, and electric contact rails and insulators shall be charged to the accounts appropriate for such property.

5. TUNNELS AND SUBWAYS.

This account shall include the cost of tunnels and subways for the passage of trains, including apparatus for ventilating and lighting, and safety devices therein, other than signals.

NOTE A.—The cost of tracks, including guard rails, in tunnels shall not be charged to this account.

NOTE B.—Station subways not highway crossings are includible in account No. 16, "Station and office buildings."

NOTE C.—If a tunnel be converted into an open cut, the accounting shall be in accordance with general instructions, section 11.

6. BRIDGES, TRESTLES, AND CULVERTS.

This account shall include the cost of the substructure and superstructure of bridges, trestles, and culverts which carry the tracks of the carrier over watercourses, ravines, public and private highways, and other railways.

DETAILS OF BRIDGE STRUCTURES.

(See general instructions, section 13.)

Abutments.
Bridge signs.
Cofferdams.
Concrete and masonry ends for culverts.
Cribs.
Decking, including gravel for fire protection.
Dike protection.
Drainage systems.
Draw protection.
Drawbridge engines and machinery.
False work.
Guard timbers.
Ice breakers.
Painting (except repainting).
Pier protection.
Piers and foundations.
Pipe culverts.
Retaining walls.
Riprap around abutments.
Riprap at culvert ends.
Supports.
Water channels.
Waterproofing.
Wing dams.
Wing walls.

NOTE A.—When a part or the entire structure of a bridge or trestle is converted, by filling, into an earth embankment, the ledger value of the structure, or of the portion thereof filled, shall be credited to this account. In case the bridge or trestle is used in lieu of a temporary trestle for the purpose of filling, the estimated cost of such temporary trestle shall be charged to account No. 3, "Grading." The ledger value of the structure, or portion thereof, filled, less the value of the salvage and the estimated cost of trestle charged to account No. 3, shall be charged to Operating Expenses.

NOTE B.—The cost of bridges to carry the carrier's tracks over undergrade crossings, including the necessary piers and abutments for sustaining them, shall be included in this account, but the cost of undergrade roadways, paving on right of way, drainage systems, and retaining walls outside of the bridge abutments, shall be included in account No. 15, "Crossings and signs."

7. ELEVATED STRUCTURES.

This account shall include the cost of elevated structures and foundations of elevated railway systems.

This account is applicable to structures other than earthwork, which are for the purpose of elevating tracks above the grade of streets, and which are not properly classable as bridges or trestles.

NOTE.—The cost of stations and other structures built on elevated structures shall be accounted for according to the class of the structure thus superimposed, and not in this account.

8. TIES.

This account shall include the cost of cross, switch, bridge, and other track ties used in the construction of tracks for the movement or storage of locomotives and cars (including tracks in shops, fuel stations, supply yards, etc.), and the cost of additional ties subsequently laid in such tracks; also the excess cost of metal ties used in repairs of track over the cost to replace in kind wooden ties removed.

The cost of handling ties in general supply and storage yards shall be included as store expenses apportioned to this account when the ties are used for construction purposes.

NOTE A.—The cost of labor for unloading, distributing, and placing the ties in tracks, and the cost of train service in connection with the distribution of ties laid shall be charged to account No. 12, "Track laying and surfacing."

NOTE B.—The cost of ties used in the construction of car floats shall be included in the cost of such floating equipment, and the cost of ties used in the construction of temporary tracks, such as gravel-pit and quarry tracks, shall be included in the appropriate clearing accounts.

9. RAILS.

This account shall include the cost of rails used in the construction of tracks for the movement or storage of locomotives and cars (including tracks in shops, fuel stations, supply yards, etc.), and the excess cost of heavier rails or rails of improved types or quality used for repairs of tracks over the cost to replace in kind the rails removed.

The cost of handling rails in general supply and storage yards shall be included as store expenses apportioned to this account when the rails are used for construction purposes.

To this account shall be credited the difference between the cost (at current prices at time of removal) of heavy rails removed and the cost of lighter rails applied in the repairs of tracks.

NOTE A.—The cost of labor for unloading, distributing, and placing the rails in tracks, and of train service in connection with the distribution of the rails, shall be charged to account No. 12, "Track laying and surfacing."

NOTE B.—When secondhand rails are first applied to any tracks and no more than the actual cost of such rails is carried in the road accounts, the excess cost of new or heavier rails used for relaying the tracks over the cost (at prices current at the time of replacement) of rails of a weight and condition equal to the weight and condition of the released rails when applied, shall be charged to this account.

NOTE C.—The cost of rails used in the construction of car floats shall be included in the cost of such floating equipment, and the cost of rails used in the construction of temporary tracks, such as gravel-pit and quarry tracks, shall be included in the appropriate clearing accounts.

10. OTHER TRACK MATERIAL.

This account shall include the cost of material used in the construction of tracks for the movement or storage of locomotives and cars (including tracks in shops, fuel stations, supply yards, etc.), except ballast and material chargeable to foregoing accounts; also the excess cost of heavier or improved "other track material" used in repairs of tracks over the cost of replacing in kind such material removed.

The cost of handling "other track material" in general supply and storage yards shall be included as store expenses apportioned to this account when such material is used in the construction of new tracks.

ITEMS OF OTHER TRACK MATERIAL.

(See general instructions, section 13.)

Angle bars.
Anticreepers.
Bumping posts.
Compromise joints.
Connecting rods.
Crossings for steam and electric railways, including foundations or bases.
Derails.
Frog blocking.
Frogs.
Guard-rail blocking.
Guard-rail clamps.
Guard-rail fasteners.
Guard rails, switch and other.
Main rods.
Nut locks.
Nuts.
Offset bars.
Rail braces.
Rail chairs.
Rail clips.
Rail joints.
Rail rests.
Rail shims.
Rail splices.
Splice bars.
Step chairs.
Switch chairs.
Switch crossings.
Switch lamps.
Switch locks and keys.
Switch points.
Switch stands.
Switch targets.
Switches.
Tie plates.
Tie plugs.
Tie-rods.
Track bolts.
Track insulators.
Track spikes.

NOTE A.—The cost of labor and train service for distributing, unloading, and applying "other track material" shall be charged to account No. 12, "Track laying and surfacing."

NOTE B.—No entry is required in this account with respect to improved "other track material" unless installed under a definite plan of changing standards, such as increasing the weight of rail.

NOTE C.—The cost of "other track material" used in the construction of car floats shall be included in the cost of such floating equipment, and the cost of such track material used in the construction of temporary tracks, such as gravel-pit and quarry tracks, shall be included in the appropriate clearing accounts.

11. BALLAST.

This account shall include the cost of gravel, stone, slag, cinders, sand, and like material used in ballasting tracks (including tracks in shops, fuel stations, supply yards, etc.) not previously ballasted, including cost of work-train service and of unloading; cost of ballast applied in excess of ballast required to restore to its maximum height and width the ballast previously put on the roadbed; and the excess cost of improved ballast used in renewals over the cost to replace in kind to the original height and width the ballast removed. (Special instructions, section 11, for operating expense accounts, apply to the accounting for pits from which ballast material is obtained either for construction work or for maintenance, or for both.)

NOTE A.—The cost of ballast used in the construction of temporary tracks, such as gravel-pit and quarry tracks, shall be included in the appropriate clearing accounts.

NOTE B.—Earth placed to form a crown in the middle of the track is not to be considered as ballast.

NOTE C.—The cost of ballast material placed on the decking of bridges solely for fire-protection purposes shall be included in account No. 6, "Bridges, trestles, and culverts."

NOTE D.—No charge shall be made to the accounts of this classification representing the value of cinders accumulated by the carrier.

12. TRACK LAYING AND SURFACING.

This account shall include the cost of distributing (including train service), laying, and adjusting ties, rails, and other track material used in the construction of tracks for the movement or storage of locomotives or cars, including repair tracks, but not tracks on car floats or temporary tracks the cost of which is chargeable to clearing accounts. It shall also include the cost of the labor expended in placing ballast in tracks not previously ballasted.

NOTE A.—The cost of distributing and adjusting ties, rails, ballast, and other track material for repairs shall be charged to Operating Expenses, both when such materials are replaced in kind and when replaced with improved and heavier material.

NOTE B.—The cost of work-train service in delivering ballast and of unloading such material is provided for in account No. 11, "Ballast."

13. RIGHT-OF-WAY FENCES.

This account shall include the cost of right-of-way fences (including permanent snow and sand fences erected in lieu of right-of-way fences), farm gates, cattle guards, wing fences, aprons, and hedges, on property not previously fenced, excluding those around stockyards, fuel stations, station and shop grounds, and building sites.

14. SNOW AND SAND FENCES AND SNOWSHEDS.

This account shall include the cost of snowsheds, including rock filling [illegible]h necessary, and cost of permanent or portable fences for the protection of tracks from snow and sand, other than such permanent fences erected in lieu of right-of-way fences and chargeable to account No. 13, "Right-of-way fences."

15. CROSSINGS AND SIGNS.

This account shall include the cost of constructing farm passes, highways, and other railways across the carrier's right of way, except railways crossing at grade; cost of track signs, crossing gates, highway-crossing alarms, planking, paving, and watch houses at crossings; and the portion borne by the carrier of cost of overgrade and undergrade crossings constructed to eliminate grade crossings.

DETAILS OF GRADE CROSSINGS.

(See general instructions, section 13.)

Batteries, with track instruments and connections.	Paving.	Warning signals.
Crossing gates.	Planking.	Watch houses.
Crossing signal bells.	Soil crossing drains.	Water pipe.

DETAILS OF OVERGRADE CROSSINGS.

(See general instructions, section 13.)

Bridge superstructures.	Drainage systems.	Retaining and wing walls, including foundations.
Bridge substructures.	Piers, including foundations.	
Decking, including roadways.		

DETAILS OF UNDERGRADE CROSSINGS.

(See general instructions, section 13.)

Curbing.	Retaining walls outside of bridge abutments.	Roadways.
Drainage systems.		Sidewalks.
Paving on right of way.		

LIST OF SIGNS.

(See general instructions, section 13.)

Boundary signs.	Section signs.	Water station signs.
Mile signs.	Slow or stop signs.	Water trough signs.
Monument stones.	Subdivision boards.	Whistle signs.
Overhead-bridge caution signs.	Tunnel caution signs.	Yard-limit signs.

NOTE A.—The cost of shop and station overgrade footbridges and subways not public highways shall be included in the cost of the buildings.

NOTE B.—The cost of bridges or trestles carrying the carrier's tracks over roads, highways, or other railways shall be charged to account No. 6, "Bridges, trestles, and culverts," but the cost of a bridge or other structure which carries farm passes, highways, or the tracks of another carrier over the carrier's tracks shall be included in this account.

16. STATION AND OFFICE BUILDINGS.

This account shall include the cost of station and office structures, their fixtures, appurtenances, and furniture necessary first to equip the buildings for use.

STATION AND OFFICE STRUCTURES AND DETAILS.

(See general instructions, section 13.)

Baggage rooms.
Breakwaters for protection of buildings.
Buildings and rooms for trainmen.
Buildings on piers.
Call bells.
Coal bins.
Coal transferring machinery (not on coal and ore wharves).
Coal trestles (not at fuel stations).
Commissarial buildings.
Drainage and sewerage systems.
Dwellings.
Eating houses.
Electric wiring.
Elevators and machinery.
Express buildings.
Fences.
Fire-engine houses.
Freight cranes.
Freight derricks.
Freight handling machinery.
Freight houses.
Garages.
Gas-supply systems.
General office buildings.
Grain cribs.
Grain elevators.
Grain warehouses.
Greenhouses.
Hay houses.
Heating plants.
Hedges.
Hoisting engines, for handling freight.
Hose houses.
Ice houses.
Lighting plants.
Mail cranes.
Milk stands.
Office buildings.
Ore-transferring machinery.
Outhouses.
Pavement within ground limits.
Platforms, freight.
Platforms, passenger, including planking between tracks.
Power distribution systems, interior.
Reading rooms.
Rooms for Y. M. C. A.
Scale houses.
Sidewalks.
Stables.
Station footbridges (not highway crossings).
Station intertrack fences.
Station platforms.
Station signs.
Station stairways.
Station subways (not highway crossings).
Station power houses.
Stations, freight.
Stations, passenger.
Stock pens.
Storehouses.
Telegraph offices.
Telpher systems.
Track scales.
Transfer houses.
Transfer platforms.
Waiting rooms.
Warehouses.
Washrooms.
Water-supply systems.
Yard offices.

NOTE A.—Office buildings used exclusively in connection with maintenance of way shall be included in account No. 17, "Roadway buildings." Those used exclusively in connection with maintenance of equipment shall be included in account No. 20, "Shops and enginehouses."

NOTE B.—The cost of grading and preparing grounds, both before and after the construction of station and office buildings, and the cost of constructing sidewalks, driveways, and fences thereon shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

17. ROADWAY BUILDINGS.

This account shall include the cost of roadway shops and other roadway buildings, including drainage, water, gas, and sewer pipes and connections; and all machinery, fixtures, and furniture to equip the buildings ready for use.

LIST OF ROADWAY BUILDINGS.

(See general instructions, section 13.)

Bins for material.
Blacksmith shops.
Boarding houses.
Breakwaters for protection of buildings.
Carpenter shops.
Dwellings.
Fire-engine houses.
Frog shops for repair of track material.
Hand-car houses.
Lighting plants.
Lumber sheds.
Offices.
Outhouses.
Planing mills.
Rail shops for repair of track material.
Repair shops.
Scrap bins.
Section dwelling houses.
Stables.
Storehouses.
Tool houses.
Watch houses.

NOTE.—The cost of grading and preparing grounds both before and after the construction of roadway buildings, and the cost of constructing sidewalks, driveways, and fences thereon shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

18. WATER STATIONS.

This account shall include the cost of structures, facilities, and appliances necessary to equip for service stations for supplying water. The cost of analyses of water preliminary to the establishment of water stations shall be included in this account.

WATER STATION STRUCTURES AND DETAILS.

(See general instructions, section 13.)

Boilers.	Pump houses.	Test wells.
Breakwaters for protection of buildings.	Pumps.	Track tanks.
Buildings on piers.	Purifying plants.	Tubs.
Cisterns.	Reservoirs.	Water cranes.
Dams.	Settling basins.	Water pipe lines.
Fences.	Stationary engines.	Water treating plants.
Outhouses.	Steam pipes.	Wells.
Penstocks.	Tanks and foundations.	Windmills.

NOTE A.—The cost of water stations used solely for supplying water to shops, power plants, stations, hotels, tenement houses, or section houses shall be charged to the appropriate accounts relating to the property so supplied.

NOTE B.—The cost of a temporary water station established only for use during the construction period shall be included in the primary accounts to which is charged the cost of the work in connection with which the water station is used.

NOTE C.—The cost of grading and preparing grounds both before and after the construction of water station buildings, and the cost of constructing sidewalks, driveways, and fences thereon shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

19. FUEL STATIONS.

This account shall include the cost of structures, facilities other than tracks, and appliances necessary to equip for service stations for supplying fuel to locomotives and floating equipment.

FUEL STATION STRUCTURES AND DETAILS.

(See general instructions, section 13.)

Breakwaters for protection of buildings.	Elevating machinery.	Fuel wharves.
Buckets.	Fences.	Inclines.
Buildings on piers.	Fuel houses or stations.	Outhouses.
Coal buckets.	Fuel-oil columns.	Scales.
Coal buggies.	Fuel-oil plants.	Sheds.
Coal hoists.	Fuel-oil pumps.	Stationary engines.
Coal pockets and chutes.	Fuel-oil sumps.	Tipple cars.
Dumping machinery.	Fuel-oil tanks.	Weighing apparatus.
	Fuel platforms.	Wood racks.

NOTE A.—The cost of fuel stations, coal houses, etc., used solely for supplying fuel to shops, power plants, stations, hotels, tenement houses, or section houses shall be charged to the appropriate accounts relating to the property so supplied.

NOTE B.—The cost of a temporary fuel station established only for use during the construction period shall be included in the primary accounts to which is charged the cost of the work in connection with which the fuel station is used.

NOTE C.—The cost of grading and preparing grounds both before and after the construction of fuel station buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

20. SHOPS AND ENGINEHOUSES.

This account shall include the cost of buildings to be used as shops, enginehouses, and storehouses for material for maintenance of equipment; foundations, except those special to particular machines and other apparatus; furniture and fixtures other than equipment chargeable to account No. 44, "Shop machinery"; drainage, sewerage, and water-supply systems; and plants for heat and light.

SHOP AND ENGINEHOUSE STRUCTURES AND DETAILS.

(See general instructions, section 13.)

Air-compressor houses.
Ash pits and pockets.
Ash plants.
Bins for material.
Blacksmith shops.
Breakwaters for protection of buildings.
Buildings on piers.
Car sheds.
Car shops.
Carpenter shops.
Cinder pits.
Cinder pockets.
Drop pits.
Dry houses.
Electric-power distribution systems within buildings.
Enginehouses.
Fire-engine houses.
Footbridges (not public highways).
Foundries.
Gas-compressor houses.
Heating plants.
Hose houses.
Ice houses.
Laboratories.
Lighting plants.
Lumber sheds.
Machine shops.
Material and supply truck tracks.
Motor-crane tracks.
Offices, shop.
Oil houses.
Outhouses.
Paint shops.
Pipe lines, air, interior.
Pipe lines, car-heating.
Pipe lines, gas, interior.
Planing mills.
Platforms, shop and yard.
Repair shops.
Sand houses.
Scale houses.
Scrap bins.
Sidewalks.
Stables.
Steam-distribution systems, interior.
Storehouses.
Tanks, gas.
Tanks, oil.
Test rooms.
Tin shops.
Tool houses.
Track scales.
Transfer tables.
Turntables.
Upholstering shops.
Warehouses.
Wash rooms.
Watch houses.

NOTE A.—The cost of distinct power plant buildings for shop purposes shall be included in account No. 29, "Power plant buildings." Cost of distribution systems leading from such power plants to shops and enginehouses shall be included in account No. 32, "Power distribution systems."

NOTE B.—The cost of grading and preparing grounds both before and after the construction of shop and enginehouse buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

NOTE C.—The cost of shop buildings devoted solely to the maintenance of way and structures shall be included in account No. 17, "Roadway buildings."

21. GRAIN ELEVATORS.

This account shall include the cost of structures for the transfer, treatment, and storage of grain, including cost of conveyors, machinery, and fixtures.

The buildings referred to in this account are not small storage elevators at stations where grain is received for shipment, etc., but large elevators in which grain is stored for various owners.

NOTE A.—Small storage elevators at way stations are classed as station buildings.

NOTE B.—The cost of grading and preparing grounds both before and after the construction of grain-elevator buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

22. STORAGE WAREHOUSES.

This account shall include the cost of storage warehouses, including machinery and fixtures therein.

The buildings herein referred to are not the ordinary freight warehouses or stations where freight is received for shipment, etc., but warehouses in which merchandise is stored and which the railway companies or others operate commercially as storage warehouses.

NOTE.—The cost of grading and preparing grounds both before and after the construction of storage warehouse buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

23. WHARVES AND DOCKS.

This account shall include the cost of wharves, docks, dry docks, slips, float bridges, and other landings for vessels, including the cost of necessary dredging, and the cost of float-bridge machinery; also the cost of piling, pile protection, cribs, cofferdams, walls, and other necessary devices and apparatus for the operation or protection of wharves and docks.

DETAILS OF WHARVES AND DOCKS.

(See general instructions, section 13.)

Bridge pontoons.	Ferry-bridge machinery.	Jetties.
Bulkheads.	Ferry bridges.	Jetty inclines.
Caissons.	Ferry racks.	Transfer-bridge machinery.
Cribwork.	Ferry slips.	Transfer bridges.
Dry docks.		

NOTE A.—The cost of coal and ore wharves and docks shall be included in account No. 24, "Coal and ore wharves."

NOTE B.—The cost of the land on which wharves are built and cost of riparian or water rights for wharves and docks shall be charged to account No. 2, "Land for transportation purposes."

NOTE C.—The cost of buildings located on wharves shall be included in the accounts appropriate for the class of building.

NOTE D.—The cost of grading and preparing grounds both before and after the construction of wharves (other than coal and ore wharves) and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the wharves, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the wharves.

24. COAL AND ORE WHARVES.

This account shall include the cost of wharves and docks for the transfer, treatment, blending, or storage of coal or ore, including the cost of necessary dredging and of conveyors, machinery, and fixtures.

NOTE A.—The structures referred to in this account do not include small transfer or storage trestles or wharves at stations where coal is stored or delivered, such trestles being classed as station buildings.

NOTE B.—The cost of grading and preparing grounds both before and after the construction of coal and ore wharves, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the wharves, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the wharves, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the wharves.

25. GAS PRODUCING PLANTS.

This account shall include the cost of gas producing and gas compressing plants, and the cost of machinery and other apparatus in such plants.

NOTE.—The cost of grading and preparing grounds both before and after the construction of gas plant buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be

included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

26. TELEGRAPH AND TELEPHONE LINES.

This account shall include the cost of telegraph and telephone lines, including terminal equipment.

DETAILS OF TELEGRAPH AND TELEPHONE TERMINAL EQUIPMENT.

(See general instructions, section 13.)

Batteries.
Cables and wires, interior.
Conduits, interior.
Connecting wires.
Current-controlling instruments.
Electric generators and motors.
Electric meters.
Engines, stationary.
Fuses and mechanical protectors.
Rectifiers.
Rheostats.
Sending and receiving instruments.
Switchboards.
Testing outfits.
Transformers.

DETAILS OF TELEGRAPH AND TELEPHONE OUTSIDE PLANT.

(See general instructions, section 13.)

Aerial attachments.
Braces.
Brackets.
Cable boxes and appurtenances.
Cables and wires, aerial.
Conduits and appurtenances.
Cross arms.
Guy stubs.
Guy wires.
Insulators.
Poles.
Submarine cables and connections.
Telephone pole boxes.
Towers.
Underground cables and connections.

27. SIGNALS AND INTERLOCKERS.

This account shall include the cost of interlocking and other signal apparatus for governing the movement of trains, including towers and other buildings in connection therewith.

DETAILS OF SIGNALS AND INTERLOCKERS.

(See general instructions, section 13.)

Air compressors.
Batteries.
Boilers.
Distant signals.
Dynamos.
Engines, stationary.
Gates at crossings of other railways.
Home signals.
Interlocker buildings.
Interlocker machinery.
Interlocker mechanism.
Levers.
Rail bonds.
Railway-crossing signals.
Relays.
Semaphores.
Signal and switch levers.
Signal arms.
Signal blades.
Signal bridges.
Signal buildings.
Signal lamp brackets and connections.
Signal lamps.
Signal machinery.
Signal poles and foundations.
Signal pulleys and foundations.
Special appliances.
Station signals.
Train-order signals.
Wiring.

NOTE A.—When signal or interlocking apparatus is located in a station building, the entire cost of the building shall be included in account No. 16, "Station and office buildings."

NOTE B.—The cost of grading and preparing grounds both before and after the construction of signal and interlocker buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

28. POWER DAMS, CANALS, AND PIPE LINES.

This account shall include the cost of all dams, canals, pipe lines, and accessories devoted to the utilization of water power for the operation of trains and cars, and to furnish power, heat, and light for general purposes.

DETAILS OF DAMS, CANALS, AND PIPE LINES.

(See general instructions, section 13.)

Aqueducts.	Grids.	Valves.
Bridges.	Inlet valves.	Viaducts.
Fences.	Penstocks.	Walls.
Footbridges.	Reservoirs.	Water rights.
Forebays.	Roadways.	
Gates.	Sluices.	

29. POWER PLANT BUILDINGS.

This account shall include the cost of the buildings of power plants erected to furnish power for the operation of trains and cars, and to furnish power, heat, and light for stations, shops, or general purposes; foundations, except those special to particular machines and other apparatus; drainage, water, and sewer pipes and their connections; fixtures, including wiring for lighting and heating; and miscellaneous furniture and fixtures.

NOTE A.—The cost of power plant machinery and other apparatus shall be included in account No. 45, "Power plant machinery."

NOTE B.—The cost of grading and preparing grounds, both before and after the construction of power plant buildings, and the cost of constructing sidewalks, driveways, and fences thereon shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

30. POWER SUBSTATION BUILDINGS.

This account shall include the cost of the buildings of power substations (including storage-battery stations) erected to transform power for the operation of trains and cars, and for heat, light, and general purposes; foundations, except those special to particular machines and other apparatus; drainage, water, and sewer pipes and their connections; fixtures, including wiring, for lighting and heating; and miscellaneous furniture and fixtures.

NOTE A.—The cost of substation machinery and other apparatus for transforming or storing power in power substations shall be included in account No. 46, "Power substation apparatus."

NOTE B.—The cost of grading and preparing grounds, both before and after the construction of power substation buildings, and the cost of constructing sidewalks, driveways, and fences thereon shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

31. POWER TRANSMISSION SYSTEMS.

This account shall include the cost of high-tension transmission systems, whether overhead, surface or underground, used for transferring power from producing plants to a place where it is transformed for propelling trains and cars, or for power, heat, light, and general purposes.

DETAILS OF POWER TRANSMISSION SYSTEMS.

(See general instructions, section 13.)

Cables.
Cut-outs (not at power houses and substations).
Feed wires.
Guard wires.
Insulators and connections.
Span wires.
Switchboards (not at power houses and substations).
Transformers (not at power houses and substations).

NOTE.—When the electric current generated or received is changed by means of (*a*) rotary converters, (*b*) motor generator sets, or (*c*) static transformers (substation apparatus), that portion of the line or outside conductor system carrying current of other than the operating kind or voltage shall be classed as transmission system. When electric current is generated or received and used substantially unchanged in voltage and kind, the line or outside conductor system, including any feeders, trolley wires, booster circuits, and supplementary return, shall be classed wholly as distribution system. Tie lines between generating stations and substations shall follow the same rule as other lines.

12. POWER DISTRIBUTION SYSTEMS.

This account shall include the cost of distribution systems, whether overhead, surface, or underground, for conveying low-tension electric power from producing plants or transformer stations and for conveying steam and compressed-air from producing plants to the place where used for propelling trains and cars, or for power, heat, light, and general purposes.

DETAILS OF POWER DISTRIBUTION SYSTEMS.

(See general instructions, section 13.)

Compressed-air pipe lines.
Cut-outs (not at power houses and substations).
Feed wires.
Guard wires.
Insulators and connections.
Overhead trolley wires.
Rail bond plugs.
Rail bonds.
Rail-insulating devices.
Span wires.
Steam pipe lines.
Switchboards (not at power house and substations).
Third rail.
Third-rail braces.
Third-rail insulation and protection.
Third-rail supports.

NOTE A.—The cost of track material such as insulated rail splices used in connection with distribution systems shall be charged to account No. 10, "Other track material."

NOTE B.—The cost of the portions of distribution systems located within shop buildings and station and office buildings shall be included in the cost of the buildings. The cost of distribution systems in plants used exclusively for operating signals and interlockers shall be included in account No. 27, "Signals and interlockers."

NOTE C.—When the electric current generated or received is changed by means of (*a*) rotary converters, (*b*) motor generator sets, or (*c*) static transformers (substation apparatus), that portion of the line or outside conductor system carrying current of other than the operating kind or voltage shall be classed as transmission system. When the electric current is generated or received and used substantially unchanged in voltage and kind, the line or outside conductor system, including any feeders, trolley wires, booster circuits, and supplementary return, shall be classed wholly as distribution system. Tie lines between generating stations and substations shall follow the same rule as other lines.

13. POWER LINE POLES AND FIXTURES.

This account shall include the cost of poles, cross arms, insulating pins, brackets, and other pole fixtures; braces and other supports for holding the poles in position; and structures for supporting the overhead electric construction.

14. UNDERGROUND CONDUITS.

This account shall include the cost of conduits required for underground wires and cables of electric railway construction, including manholes, sewer connections, sewer traps, and all details necessary for the completion of the conduit system.

35. MISCELLANEOUS STRUCTURES.

This account shall include the cost of all permanent structures not pro vided for elsewhere, including all fixtures and furniture to equip them for use

36. PAVING.

This account shall include the cost of paving about tracks in public high ways through which the carrier's tracks are laid.

NOTE.—The cost of paving upon the carrier's lands, within the grounds of buildings or other struc tures, shall be included in the accounts provided for the cost of the structures. The cost of paving upon the carrier's right of way at crossings shall be included in account No. 15, "Crossings an signs."

37. ROADWAY MACHINES.

This account shall include the cost of the initial outfit of roadway machines provided for the maintenance of roadway and structures at the time the road is opened for commercial traffic, and the cost of additional roadway machines acquired subsequently.

LIST OF ROADWAY MACHINES.

(See general instructions, section 13.)

Boilers, portable.	Ditching machines.	Pile drivers.
Cars, hand.	Dredging machines.	Plows, unloading.
Cars, lever.	Engines, portable.	Rail unloaders.
Cars, motor inspection.	Grading outfits.	Rock crushers.
Cars, push.	Hydraulic outfits.	Steam rollers.
Cars, (small), crane, for supply yards and general use	Jacks, hydraulic.	Timber trucks.
Concrete mixers.	Log loaders.	Velocipedes.

NOTE A.—When an important addition and betterment project or the construction of a new li necessitates the purchase of roadway machines to be used exclusively thereon, the cost shall be in cluded in the accounts to which the cost of the work is charged. The amount realized from any su sequent sale, or the appraised value of the machines retained after the completion of the special wo for which they were purchased, shall be credited to the accounts charged with the cost there The appraised value of such machines retained shall be debited to this account and thereafter co sidered as the cost of such property.

NOTE B.—The cost of machines for the equipment of roadway shops shall be included in accou No. 17, "Roadway buildings," as provided for therein.

NOTE C.—The cost of roadway machines, such as pile drivers, log loaders, hoist engines, and co crete mixers, when permanently mounted for movement on the carrier's tracks, shall be included account No. 57, "Work equipment."

38. ROADWAY SMALL TOOLS.

This account shall include the cost of the initial outfit of roadway and tra small tools provided for the maintenance of way and structures at the tim the road is opened for commercial traffic; also the initial outfit of such to provided for the maintenance of extensions of such road.

LIST OF ROADWAY TOOLS.

(See general instructions, section 13.)

Adzes.	Braces and bits.	Curbing hooks.
Anvils.	Brooms.	Dippers.
Augers.	Brush hooks.	Drawing knives.
Axes.	Cable stretchers.	Drill bits.
Ballast forks.	Cables.	Drills, portable.
Bars, claw.	Cans, oil.	Flags, signal.
Bars, crow.	Cans, water.	Furnaces, portable.
Bars, lining.	Cant hooks.	Grindstones.
Bars, pinch.	Chains.	Hammers, napping.
Bars, raising.	Chisels, track	Hammers, paving.
Bars, tamping.	Chisels, wood.	Hammers, spiking.

Handles for tools.
Hatchets.
Hoes.
Jack levers.
Jacks, ratchet.
Jacks, screw.
Jacks, track.
Kegs, water.
Ladders.
Lanterns and fixtures.
Lawn mowers.
Levels.
Lines for ditching.
Nippers.
Oilstones.
Padlocks.
Pails, water.
Paint brushes.
Picks, clay.
Picks, tamping.
Pike poles.
Post-hole diggers.
Post-hole tampers.
Punches.
Rail benders.
Rail tongs.
Rakes.
Rope.
Saws, crosscut.
Saws, hand.
Scrap boxes.
Scythes.
Shovels.
Sickles.
Sledges.
Spades.
Spike mauls.
Spike pullers.
Spot boards.
Squares.
Straightening machines.
Tape lines.
Thermometers for laying rail.
Tongs.
Tool boxes.
Torches.
Track gauges.
Track levels.
Vises.
Weed spuds.
Wheelbarrows.
Whetstones.
Wood mallets.
Wrenches, monkey.
Wrenches, track.

NOTE.—The cost of roadway and track small tools of which no specific record is kept shall be charged when acquired to an appropriate materials and supplies account, from which they shall be charged as issued to the appropriate road and equipment, operating expense, or other accounts. When such tools are used both for construction and maintenance work the cost shall be equitably apportioned among the accounts provided for the two classes of work.

ASSESSMENTS FOR PUBLIC IMPROVEMENTS.

This account shall include the carrier's proportion of the cost of constructing public improvements—such as grading, sewering, curbing, guttering, paving, and sidewalks—and other public improvements, including the cost of such improvements if made by the carrier's own employees under Government requirements.

NOTE A.—The cost of paving required by Government authority between rails and adjacent to tracks laid through public highways shall be included in account No. 36, "Paving."

NOTE B.—The carrier's proportion of the cost of maintaining such public improvements shall be included in operating expenses.

REVENUES AND OPERATING EXPENSES DURING CONSTRUCTION.

This account shall include the cost of operating a piece of road during the period before the regular operation of revenue trains, including rent and repairs of equipment used in commercial service during such period. It includes the cost of running construction trains over such section of road when the cost of operating such trains can not properly be charged to any specific account.

To this account shall be credited amounts collected for rents of buildings and other properties and for the transportation of commercial freight or of passengers on construction trains; also the net profits from boarding and commissarial outfits, and other sources of operating revenue.

Carriers which wish to subdivide this account shall use appropriate subaccounts corresponding to accounts prescribed in the operating revenue, operating expense, or income account classifications.

COST OF ROAD PURCHASED.

This account shall include the cash cost of any road or portion thereof purchased. Where the contract of purchase includes not only road, but also equipment, securities, and other assets, the appraised value of such equipment, securities, and other assets shall be deducted from the total cash cost, and the remainder of the cash cost shall be charged to this account.

Where the consideration given for the property purchased is other than cash, such consideration shall be valued on a current cash basis. If the consideration includes the assumption of liabilities, such liabilities shall be included in the determination of the cost at their cash value at the time the contract is made.

This account shall be used only as a clearing account in which temporarily to carry the cost of road purchased until such time as a plan for distributing such cost to the primary accounts appropriate for the property is approved by the Commission.

NOTE A.—The appraised value of any equipment thus acquired shall be charged to the appropriate equipment accounts. The value, at time of purchase, of any securities, or other assets acquired, shall be included in the accounts appropriate for such assets. The par value of any liabilities assumed shall be included in the appropriate liability accounts, and the necessary adjustments between the cash value charged to the property accounts and the par value shall be made in the appropriate premium or discount account.

NOTE B.—The carrier shall be prepared to furnish the Commission, upon demand, a full report of the contract of acquisition of each road, or portion thereof, purchased, and a statement showing in detail the consideration given therefor. It should procure, in connection with the acquisition of any such road and equipment, all existing records, memoranda, and accounts in possession or control of the grantor relating to the construction and improvements of such road and equipment, and shall preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them. Where the records, memoranda, and accounts are so intimately involved with other records, memoranda, and accounts of the grantor as to make their transfer impracticable or inadvisable, certified copies of them shall be procured and retained by the grantee. The verity of the copies should be certified by the custodian of the originals.

42. RECONSTRUCTION OF ROAD PURCHASED.

When a road is purchased and the fixed improvements acquired are in such a physical condition that it is necessary substantially to rebuild the road in order to bring it up to the standard required by the carrier, the cost of such rebuilding shall be charged to this account.

NOTE A.—A comprehensive statement of the estimated amount necessary to reconstruct a road in accordance with the above provision shall be made to the Commission as soon as the estimate is made.

NOTE B.—When the work of reconstruction of road purchased is completed, the cost thereof shall be credited to this account and charged to other primary accounts of this classification appropriate for the expenditures made.

43. OTHER EXPENDITURES—ROAD.

This account shall include items which can not properly be included in any of the foregoing accounts as a part of the cost of any specific work, such as the cost of transportation of men, materials, supplies, and equipment over the carrier's own line; amounts paid for rent and repairs of equipment and for injuries to persons incident to and in connection with original road, road extensions, or additions and betterments; and analogous items. When assignable, such expenditures shall be included in the cost of the property in connection with which the expenditure occurs.

NOTE.—Rents paid for and repairs made to equipment used in commercial operations during the period before the regular operation of revenue trains shall be charged to account No. 40, "Revenue and operating expenses during construction."

44. SHOP MACHINERY.

This account shall include the cost of machinery and other apparatus in shops and enginehouses, including the cost of special foundations and installation, and cost of small hand tools necessary first to equip a shop.

LIST OF SHOP MACHINERY

(See general instructions, section 13.)

Air compressors.
Ash conveyors.
Belting.
Blowers.
Boilers for furnishing power.
Boring machines.
Cars, motor.
Cars, push.
Cranes.
Drill presses.
Drilling machines.
Drop tables.
Forges.
Framing machines.
Furnaces.
Grinding and polishing machines.
Hoists.
Hydraulic jacks.
Lathes.
Lifting magnets.
Metal chimneys.
Milling machines
Motors.
Pipe cutting and threading machines.
Planers.
Pneumatic hammers.
Power equipment.
Punches.
Riveters.
Saws.
Shafting.
Shapers.
Slotters.
Stationary engines.
Steam hammers.
Vises.
Welding machines.
Woodworking machines.

NOTE A.—The cost of power plant machinery and other apparatus for shop purposes, when located in distinct buildings, shall be included in account No. 45, "Power plant machinery."

NOTE B.—The cost of foundations other than those special to particular machines and other apparatus shall be included in the cost of the building, and not in this account.

5. POWER PLANT MACHINERY.

This account shall include the cost of machinery and other apparatus for generating power in power plants used for the operation of trains and cars, or to furnish power, heat, and light for stations, shops, or general purposes, including the cost of special foundations and installation.

DETAILS OF POWER PLANT MACHINERY.

(See general instructions, section 13.)

Ammeters.
Batteries.
Belting.
Boiler-room appliances and tools.
Boilers and fittings.
Boosters.
Cables.
Circuit breakers.
Clutches.
Conductors.
Cranes.
Cut-outs.
Draft machinery.
Dynamos.
Economizers.
Electric-power distribution systems, interior.
Engine-room appliances and tools.
Feed-water heaters.
Furnaces.
Generators.
Globes.
Hangers.
Heating apparatus.
Hoists.
Insulators.
Lamps.
Lighting apparatus.
Lubricating devices.
Machinery and foundations.
Mechanical stokers.
Piping.
Poles.
Pumps.
Purifiers.
Rheostats.
Sewer connections.
Shafting.
Stationary engines.
Steam distribution systems.
Steam fittings.
Switchboards.
Tanks.
Transformers.
Turbines.
Voltmeters.
Water meters.
Water wheels.
Wires from generators or transformers to switchboard.

NOTE A.—The cost of power machinery and other apparatus installed in a shop as part of the shop equipment shall be included in account No. 44, "Shop machinery."

NOTE B.—The cost of power machinery and other apparatus installed in stations and offices and used solely for station and office purposes shall be included in account No. 16, "Station and office buildings."

NOTE C.—The cost of power machinery and other apparatus in plants used solely for operating signals and interlockers shall be included in account No. 27, "Signals and interlockers."

NOTE D.—The cost of foundations other than those special to particular machines and other apparatus shall be included in the cost of the building, and not in this account.

6. POWER SUBSTATION APPARATUS.

This account shall include the cost of machinery and other apparatus, including the cost of special foundations and installation, for transforming

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or storing power in power substations used for the operation of trains a cars, and for power, heat, and light for stations, shops, or general purpos

DETAILS OF POWER SUBSTATION APPARATUS.

(See general instructions, section 13.)

Rotary converters.	Switchboards.
Storage batteries.	Transformers.

NOTE A.—The cost of constructing machinery and other apparatus for transforming or sto power shall be included in account No. 45, "Power plant machinery," when such equipment is tained in a power plant.

NOTE B.—The cost of foundations other than those special to particular machines and o apparatus shall be included in the cost of the building, and not in this account.

47. UNAPPLIED CONSTRUCTION MATERIAL AND SUPPLIES.

This account shall include the cost of material and supplies located at t point of use which have been purchased for projected new roads and r extensions.

The purpose of this account is to exclude from the current assets the cost supplies and unapplied material which are located for use on projected n roads and road extensions, under the condition that the material will not used for other purposes.

NOTE A.—Material and supplies designed for projected new roads and road extensions w are carried in storehouses and store yards and included in the general stock of an operating c pany shall be included in balance-sheet account No. 716, "Materials and supplies."

NOTE B.—The cost of unapplied materials and supplies on hand at the completion of cons tion work shall be transferred to balance-sheet account No. 716, "Materials and supplies."

II. EQUIPMENT.

The several primary accounts included in this general account are desig to show the cost of the several classes of equipment owned by the carrier held under equipment trust agreements for purchase.

To the appropriate primary accounts in this general account shall charged the cost of all equipment, such as steam locomotives, electric locom tives, passenger-train cars, freight-train cars, work equipment, floating eq ment, and the necessary appurtenances, furniture, and fixtures first to eq for service, including the cost of inspection, setting up, and trying out, a transportation over foreign lines; also the cost of additions, such as headlig mechanical stokers, power brakes, vestibules, machinery for self-propuls heating and lighting apparatus, and the like; and the excess cost of bet ments, such as improved appliances, parts, or appurtenances, over the c at current prices (as new) of the appliances, parts, or appurtenances remov The cost of removing the old appliances and applying the improved shall charged to Operating Expenses.

The ledger value of each unit of equipment shall be credited to the ap priate equipment account when it is retired from service. The amount this credit shall be concurrently charged as follows:

The amount of the balance in the balance-sheet accrued depreciat account with respect to the equipment thus retired shall be charged to t account; the salvage recovered shall be charged to the materials and supp account or elsewhere, according to the purpose for which used; the amo of depreciation prior to July 1, 1907, not previously written off or provi for, shall be charged to Profit and Loss; and the remainder shall be cha to the appropriate operating expense account for equipment retired. cost of demolishing the equipment, if demolished by or for the carrier, s be charged to the appropriate operating expense account for equipm retirements.

When the cost of the renewals to be made to any unit of equipment will constitute the major portion of its value as renewed, the equipment, when taken out of service, shall be considered as retired and accounted for as provided in the preceding paragraph, and for the purpose of this classification the renewed equipment shall be considered an addition and the appraised cost thereof shall be included in the account appropriate for the cost of the equipment. In no case shall the charge for the renewed equipment exceed the cost (at current market prices of labor and material) of new equipment of similar type, equal capacity, and equal expectation of life in service, less a suitable allowance on account of the secondhand parts remaining therein.

When equipment of one class is converted so as to be includible in another class, the accounting shall be as provided in general instructions, section 11.

When an important addition and betterment project or the construction of new lines necessitates the purchase of equipment to be used exclusively therein, the cost of such equipment shall be included in the accounts representing the cost of the work, and no charge shall be made to Operating Expenses for depreciation on such equipment while the cost remains so charged. The amount realized from any subsequent sale, or the appraised value of the equipment retained after the completion of the special work for which it was purchased, shall be credited to the accounts charged with its cost. The appraised value of such equipment retained shall be debited to the appropriate primary account herein, and thereafter, for the purposes of accounting, such appraised value shall be considered as the cost of the equipment.

When secondhand equipment acquired is in such physical condition that it is necessary to make extensive repairs to it to bring it up to the standard required by the carrier, the cost of such repairs shall be included in the account appropriate for the cost of the equipment. A comprehensive statement of the amount estimated to be necessary to rebuild secondhand equipment in accordance with the above provision shall be furnished to the Commission as soon as the estimate is made.

STEAM LOCOMOTIVES.

This account shall include the cost of steam locomotives and tenders, purchased or built by the carrier, and of appurtenances, furniture, and fixtures necessary to equip them for service, including the cost of inspection, setting up, and trying out after receipt from builders, and transportation charges to the carrier's line.

LIST OF APPURTENANCES TO LOCOMOTIVES.

(See general instructions, section 13.)

ir-brake equipment and hose.
rm rests.
wnings.
rake fixtures.
ab cushions.
ab lamps.
locks.
Coal boards.
Fire-extinguishing apparatus.
Gongs.
Head lamps.
Metallic packing.
Pneumatic sanding equipment.
Seat boxes.
Signal lamps.
Speed recorders.
Steam-gauge lamps.
Steam-heat equipment and hose.
Storm doors.
Tool boxes.
Train-signal equipment and hose.

THER LOCOMOTIVES.

This account shall include the cost of locomotives other than steam, purhased or built by the carrier, and of appurtenances, furniture, and fixtures ecessary to equip them for service, including inspection, setting up, and rying out after receipt from builders, and transportation charges to the rrier's line.

NOTE.—Cars with motor equipment are not to be classed as locomotives.

53. FREIGHT-TRAIN CARS.

This account shall include the cost of freight-train cars of all classes, i cluding motor-driven cars, purchased or built by the carrier, including a appurtenances, furniture, and fixtures necessary to equip them for servic and the cost of inspection and transportation charges to the carrier's lin

LIST OF FREIGHT-TRAIN CARS.

(See general instructions, section 13.)

Ballast (commercial).	Fruit.	Ore.
Beer.	Furniture.	Platform.
Box.	Gondola.	Poling.
Cabin.	Gondola (hopper).	Poultry.
Caboose.	Gondola (long).	Produce.
Charcoal.	Gun truck.	Rack.
Coal.	Hay.	Refrigerator.
Coke.	Lime.	Stock.
Dump (commercial).	Logging.	Tank and water (when used commercial cars).
Flat.	Oil tank.	

LIST OF APPURTENANCES TO FREIGHT-TRAIN CARS.

(See general instructions, section 13.)

Air-brake equipment; including hose.	Heating equipment.	Speed recorders.
Cooking equipment and utensils.	Ice boxes.	Train-signal equipment, including hose.
Cushions.	Lamps and fixtures.	Water tanks.
	Seats.	

NOTE.—The cost of motor equipment of cars shall be included in account No. 55, "Mot equipment of cars."

54. PASSENGER-TRAIN CARS.

This account shall include the cost of passenger-train cars of all classes including motor-driven cars, purchased or built by the carrier; including al appurtenances, furniture, and fixtures necessary to equip them for service and cost of inspection and transportation charges to the carrier's line.

LIST OF PASSENGER-TRAIN CARS.

(See general instructions, section 13.)

Baggage.	Dining.	Passenger.
Baggage-express.	Express.	Passenger-baggage.
Baggage-mail.	Immigrant.	Passenger-baggage-mail.
Baggage-mail-express.	Library.	Postal.
Buffet.	Mail.	Refrigerator-express.
Café.	Milk.	Sleeping.
Chair.	Observation.	Smoking.
Club.	Parlor.	Tourist.
Colonist.	Parlor-baggage.	

LIST OF APPURTENANCES TO PASSENGER-TRAIN CARS.

(See general instructions, section 13.)

Air-brake equipment, including hose.	Ice boxes.	Steam-heat hose.
Bedding.	Ice tanks.	Table china.
Chairs.	Kitchen equipment and utensils.	Table glassware.
Coat hooks.	Lighting equipment.	Table linen.
Curtains and fixtures.	Mail catchers.	Table silver.
Cushions.	Parcel racks.	Toilet equipment.
Electric bells.	Ranges and boilers.	Train-signal equipment, including hose.
Floor coverings.	Seats.	Water tanks.
Heating equipment.	Speed recorders.	

NOTE.—The cost of motor equipment of cars shall be included in account No. 55, "Mot equipment of cars."

35. MOTOR EQUIPMENT OF CARS.

This account shall include the cost of motor equipment of all cars, including the wiring for such electric equipment.

DETAILS OF MOTOR EQUIPMENT.

(See general instructions, section 13.)

Batteries, storage.
Circuit breakers.
Controllers.
Engines, internal-combustion.
Generators.
Lightning arresters.
Motors.
Overload switches.
Rheostats.
Switches.
Third-rail contact.
Trolley poles.
Trolleys.

36. FLOATING EQUIPMENT.

This account shall include the cost of marine or floating equipment of all kinds except work equipment, purchased or built by the carrier, including all appurtenances, furniture, and fixtures necessary to equip it for service, and cost of inspection and transportation charges to the carrier's line.

LIST OF FLOATING EQUIPMENT.

(See general instructions, section 13.)

Barges.
Canal boats.
Car and other floats.
Ferryboats.
Lighters.
Power launches.
Power lighters.
Scows.
Steamboats.
Steamships.
Transfer boats.
Tugboats.

LIST OF APPURTENANCES TO FLOATING EQUIPMENT.

(See general instructions, section 13.)

Anchors.
Axes.
Barometers.
Beds and bedding.
Binnacle lamps.
Blocks and tackle.
Boilers and foundations.
Cables.
Capstan bars.
Carpets.
Charts.
China, crockery, and glassware.
Chronometers.
Clocks.
Compasses.
Counters.
Desks.
Engines and foundations.
Fire buckets.
Fire extinguishers.
Floor coverings.
Flue cleaners.
Furniture.
Gangplanks.
Hatchets.
Heating equipment.
Hoisting equipment.
Hooks.
Keys.
Kitchen equipment.
Life preservers.
Lighting equipment.
Linen.
Lines.
Logs.
Machinery and foundations.
Masts.
Oil cans.
Pianos and other musical instruments.
Pumps.
Racks.
Railings.
Rakes.
Rigging.
Safes.
Sails.
Scales.
Seats, chairs, and cushions.
Shovels.
Slice bars and pokers.
Spyglasses.
Steam distribution systems.
Steering equipment.
Telescopes.
Ticket cases.
Tool boxes.
Tools, miscellaneous.
Tracks on car floats.
Ventilating equipment.
Wrenches.

37. WORK EQUIPMENT.

This account shall include the cost of work equipment, including motor-driven equipment, purchased or built by the carrier; cost of appurtenances, furniture, and fixtures necessary to equip it for service, and cost of inspection and transportation charges to the carrier's line.

LIST OF RAIL WORK EQUIPMENT.

(See general instructions, section 13.)

Air-brake instruction cars.	Grading cars.	Scraper cars.
Ballast cars.	Gravel cars.	Snow dozers.
Ballast unloader cars.	Indicator cars.	Snow drags.
Boarding cars.	Locomotive tanks used permanently as water cars.	Snow plows (moved by but not attached to locomotives).
Bridge cars.	Locomotives.	Sprinkling cars.
Business cars.	Officers' cars.	Steam shovels.
Camp cars.	Outfit cars.	Steam wrecking derricks.
Cinder cars.	Painters' cars.	Supply cars.
Concrete mixers (mounted).	Pay cars.	Sweeper cars.
Derrick cars.	Pile drivers (mounted).	Tool cars.
Dirt spreaders (mounted).	Rail saws (mounted).	Tool and block cars.
Ditching cars.	Salt cars.	Water cars.
Dump cars.	Sanding cars.	Weed burners (mounted).
Dynamometer cars.	Scale test cars.	Wrecking cars.
Gas tank cars.		

LIST OF FLOATING WORK EQUIPMENT.

(See general instructions, section 13.)

Derricks.	Dredges.	Pile drivers.

APPURTENANCES TO FLOATING WORK EQUIPMENT.

(See general instructions, section 13.)

Anchors.	Floor coverings.	Oil cans.
Axes.	Flue cleaners.	Pumps.
Barometers.	Gangplanks.	Rakes.
Beds and bedding.	Hatchets.	Rigging.
Blocks and tackle.	Heating equipment.	Sails.
Boilers and foundations.	Hoisting equipment.	Seats and chairs.
Cables.	Hooks.	Shovels.
China, crockery, and glassware.	Keys.	Slice bars and pokers.
Compasses.	Life preservers.	Steam distribution systems.
Cushions.	Lighting equipment.	Steering equipment.
Desks.	Linen.	Tool boxes.
Engines and foundations.	Lines.	Tools, miscellaneous.
Fire extinguishers.	Machinery and foundations.	Wrenches.
Fire buckets.	Masts.	

NOTE.—The cost of motor equipment of cars shall be included in account No. 55, "Motor equipment of cars."

58. MISCELLANEOUS EQUIPMENT.

This account shall include the cost of horses and harness; and cost of wagons, automobiles, and other highway vehicles.

III. GENERAL EXPENDITURES.

The primary accounts of this general account are designed to include expenditures made in connection with the acquisition and construction of original road and equipment, and with extensions, additions, and betterments to road and equipment property, when such expenditures can not properly be included in any of the foregoing accounts as a part of the cost of any specific work. When assignable, such expenditures shall be included in the cost of the property in connection with which the expenditures occur.

71. ORGANIZATION EXPENSES.

This account shall include all fees paid to governments for the privilege of incorporation, and office and other expenditures incident to organizing the corporation and putting it in readiness to do business; cost of preparing and

distributing prospectuses; cost of soliciting subscriptions for stock; cash fees paid to promoters, and the actual cash value (at the time of the organization) of securities paid to promoters for their services in organizing the enterprise; special counsel fees; cost of preparing and issuing certificates of stock; cost of procuring the necessary certificates from State authorities; and other like costs.

NOTE.—Cost of soliciting for loans or for the sale of bonds or other evidences of indebtedness shall be charged to balance-sheet account No. 725, "Discount on funded debt."

2. GENERAL OFFICERS AND CLERKS.

This account shall include the pay and expenses of executive and general officers and of general office clerks engaged exclusively in connection with the construction of new road and extensions.

NOTE.—The salaries and expenses of executive and general officers and of general office clerks engaged in connection with the conduct of commercial operations during the period before the regular operation of revenue trains shall be included in account No. 40, "Revenues and operating expenses during construction."

3. LAW.

This account shall include specific and distinct expenditures, not provided for elsewhere, for law service in connection with the acquisition of new road, road extensions, additions, and betterments, such as pay and expenses of counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices.

ITEMS OF EXPENSE.

(See general instructions, section 13.)

Arbitrators' services in settlement of disputed questions.
Cost of taking depositions.
Cost of testimony.
Costs of suits.
Court bonds.
Court expenses.
Express charges.
Fees and retainers of attorneys not regularly employed.
Law books.
Legal forms.
Legal reports.
Notarial fees not provided for elsewhere.
Office expenses.
Printing of briefs, testimony, etc.
Rent of offices.
Special fees.
Telegraph service.
Telephone service.
Traveling expenses.
Witness fees not provided for elsewhere.

NOTE.—Court costs and special counsel fees in connection with the acquisition of land for transportation operations shall be included in account No. 2, "Land for transportation purposes."

STATIONERY AND PRINTING.

This account shall include the cost of stationery, stationery supplies, postage, office devices, and printed matter used by any class of employees in connection with construction and not provided for elsewhere.

ITEMS OF STATIONERY AND PRINTING.

(See general instructions, section 13.)

Adding machines.
Addressographs and supplies.
Arm rests.
Binders.
Blank books.
Blotters.
Blotting paper.
Bristol board.
Calculating machines.
Calendars.
Carbon paper.
Cardboard.
Cards, blank and printed.
Circulars.
Computing tables.
Copy (impression) books.
Copying brushes.
Copying presses.
Crayons.
Cross-section books.
Cross-section paper.
Cyclostyles.
Dating stamps and ribbons.
Dictaphones.
Dictographs.
Drawing paper.
Duplicators.

Electric pens.
Envelopes.
Erasers, rubber and steel.
Eyelet punches.
Eyelets.
File boxes.
Forms, blank and printed.
Fuel tickets.
Glass pens.
Hectographs.
Indexes.
Ink for writing and drawing.
Inkstands.
Invoice books.
Legal cap paper.
Letter paper.
Manifold paper.
Manifold pens.
Mimeographs.
Mucilage.
Mucilage brushes.
Neostyles.
Note paper.
Notices.
Numbering stamps.
Oil paper.
Paper.
Paper baskets.
Paper clips.
Paper cutters.
Paper fasteners.
Paper files.
Paper weights.
Papyrographs.
Parchment paper.
Pencil sharpeners.
Pencils for writing and drawing.
Penholders.
Penracks.
Pens for writing and drawing.
Phonographs and records.
Pins.
Postage.
Punches (not conductors' or baggagemen's).
Rubber bands.
Rubber stamps.
Rulers.
Ruling pens.
Scrapbooks.
Sealing wax.
Seals.
Shears.
Shipping tags.
Shorthand notebooks.
Sponge cups.
Sponges.
Stamps, impression.
Stylographs.
Tablets, blank and printed.
Tape.
Telegraph blanks.
Time-tables.
Tissue (impression) paper.
Tracing cloth.
Tracing paper.
Twine.
Typewriters and ribbons.
Wage tables.
Wastebaskets.
Watercolors.
Water holders.
Waybills.
Wrapping paper.
Wringers for copying presses.

NOTE A.—The cost of printing bonds, etc., in connection with the carrier's funded debt shall be included in balance-sheet account No. 725, "Discount on funded debt."

NOTE B.—The cost of stationery and printing, when assignable, shall be included in the cost of the property in connection with the acquirement or construction of which the expenditure occurs.

75. TAXES.

This account shall include State, county, township, city, school, road, annual franchise, and all other taxes and assessments levied and paid on property belonging to the carrier during construction and before the facilities are used for commercial operations, except special assessments for street and other improvements chargeable to account No. 36, "Paving," or No. 34, "Assessments for public improvements."

NOTE.—Taxes during construction, when assignable, shall be included in the cost of the property acquired or constructed.

76. INTEREST DURING CONSTRUCTION.

When any bonds, notes, or other evidences of indebtedness are sold, or any interest-bearing debt is incurred for acquisition and construction of original road and equipment, extensions, additions, and betterments, the interest accruing on the part of the debt representing the cost of property charged to road and equipment accounts (less interest, if any, allowed by depositaries on unexpended balances) after such funds become available for use and before the receipt or the completion or coming into service of the property acquired shall be charged to this account.

When such securities are sold at a premium the proportion of such premium assignable to the time between the date of the actual issuance of the securities and the time when the property acquired or the improvement made becomes available for service shall be credited to this account.

This account shall also include such proportion of the discount and expense on funded debt issued for the acquisition of original road, original equipment, road extensions, additions, and betterments, as is equitably assignable to the period between the date of the actual issuance of securities and the time when the property acquired or the improvement made becomes

available for the service for which it is intended. The proportion of discount and expense thus chargeable shall be determined by the ratio between the period prior to the completion or coming into service of the facilities or improvements acquired and the period of the entire life of the securities issued.

This account shall also include reasonable charges for interest, during the construction period before the property becomes available for service, on the carrier's own funds expended for construction purposes.

NOTE A.—Interest on bonds, notes, or other evidences of indebtedness accruing before the proceeds from the sale of the securities become available for use shall not be included in this account, nor shall there be included any interest accruing after the property with respect to which the proceeds are expended is received or becomes available for use in connection with commercial service.

NOTE B.—If any securities which have been issued or assumed by the carrier are sold or exchanged by or for the carrier for a consideration the actual money value of which at the time of such sale or exchange is less than the value of the securities at par and the accrued interest thereon, if any, the difference between the money value of the consideration received and the par value of the securities plus the accrued interest shall be deemed a discount. In no case (except as provided in the third and fourth paragraphs of this account) shall discounts be included as part of the cost of anything charged to any account prescribed in this classification.

NOTE C.—For definition of securities *actually issued*, see Note B, under general balance-sheet account No. 755, "Funded debt unmatured."

NOTE D.—Whenever interest, premium, or discount assignable to the construction period is incurred in connection with an expenditure covered by some specific road and equipment account, or accounts, such interest, premium, or discount shall be charged directly to the specific accounts to which it is related.

OTHER EXPENDITURES—GENERAL.

This account shall include all expenditures of a special and incidental nature in connection with the acquisition and construction of original road and equipment, road extensions, additions, and betterments which can not properly be included in any other account in this classification.

APPENDIX III

Application of Uniform System of Accounts

to

Class C and Class D Public Utilities and Licensees

NOTE.—Appendix III is bound separately

EXHIBIT 19

Public Utilities Commissioner of the State of Oregon

PUBLIC SERVICE COMMISSION

OF OREGON

Uniform Classification of Accounts for Electrical Utilities

EFFECTIVE JANUARY 1, 1925

SALEM, OREGON

UNIFORM CLASSIFICATION OF ACCOUNTS

FOR

ELECTRICAL UTILITIES

AS PRESCRIBED BY THE

PUBLIC SERVICE COMMISSION OF OREGON

Adopted December, 1924

Effective January 1, 1925

Copies of single utility classifications will be furnished upon receipt of 75 cents each; combined electrical and gas classifications, $1 each

SALEM, OREGON:
STATE PRINTING DEPARTMENT
1925

PUBLIC SERVICE COMMISSION
OF OREGON

H. H. COREY, *Chairman*
NEWTON McCOY
THOS. K. CAMPBELL
Commissioners

EDWARD OSTRANDER, *Secretary*

ERRATA

The following corrections should be made in the text of the Uniform Classification of Accounts, effective January 1, 1925:

Page 14—Account 111—"Cash"—Substitute the word "in" for the words "coming into".

Page 18—Account 124—Or.—"Depreciation Fund for Oregon"—Substitute the words "source, amounts" for the words "course, accounts".

Page 36—Third paragraph, 8th line—Strike out "(when so authorized by the commission)".

Page 38—Top of page Note B—Strike out the first word "If".

Page 57—Item 26 should read: "434—Amortization of premium on debt—Cr."

Page 67—Account 502—"Appropriation to Reserves," second line of the note—Substitute the word "depreciation" for the word "retirement".

Page 85—Account 703.34—"Maintenance of Transformers and Converting Apparatus"—Substitute the word "used" for the word "user".

Page 95—Account 731.43—"Labor and Expenses, Overhead Conductors." Substitute the word "overhead" for the word "underground".

Page 96—Account 731.44—"Labor and Expenses, Underground Conductors"—Substitute the word "underground" for the word "overhead".

Page 97—Account 732.53—"Maintenance of Underground Conductors"—Strike out the initials "C B".

PUBLIC SERVICE COMMISSION OF OREGON

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BEFORE THE PUBLIC SERVICE COMMISSION OF OREGON

In the matter of a Uniform System of Accounts to be kept by Electrical, Water and Gas Utilities. } **File 15701**

ORDER

IT IS ORDERED,

1. That the Uniform Classification of Accounts attached hereto, and by such reference made a part hereof, be, and hereby is, adopted for all electrical, and/or gas utilities in the state of Oregon.

2. That all such utilities shall, on and after January 1, 1925, keep their accounts and records in accordance therewith.

3. That during the twelve months following the date on which said Uniform Classification of Accounts becomes effective, any electrical, and/or gas, utility may, for purposes of comparison, keep on its books, in addition to the accounts hereby prescribed, such portion or portions of its present accounts as may be deemed desirable by any such corporation.

4. That in prescribing this classification of accounts, the commission does not commit itself to the approval or acceptance of any item set out in any account, for the purpose of fixing rates or in determining other matters before the commission. The prescribed classification of accounts is designed to set out the facts in connection with the capitalization, construction, income, expenditures, etc., and therefrom the commission will determine, in connection with such matters as may be under advisement from time to time, just what consideration shall be given to the various items in the several accounts.

5. That all such utilities are hereby relieved from keeping accounts and records in accordance with the classifications heretofore adopted and now in effect.

Dated at Salem, Oregon, this 30th day of December, 1924.

PUBLIC SERVICE COMMISSION OF OREGON,
By H. H. COREY,
THOS. K. CAMPBELL,
Commissioners.

Attest:
E. OSTRANDER, Secretary.

State of Oregon, } ss.
County of Marion, }

I, Benjamin F. Forbes, Secretary of the Public Service Commission of Oregon, and custodian of the seal thereof, do hereby certify that I have carefully compared the preceding copy with the original order No. 1162 in file No. 15701, "In the matter of a Uniform Classification of Accounts to be kept by Electric, Water and Gas Utilities" filed in the office of the said commission, and that it is a full, true and correct transcript therefrom and of the whole thereof.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of said commission, at its office in the Capitol, at Salem, Oregon, this ..... day of ....., 1925.

.....
Secretary,
PUBLIC SERVICE COMMISSION OF OREGON.

UNIFORM CLASSIFICATION OF ACCOUNTS FOR ELECTRICAL, GAS AND WATER UTILITIES

GENERAL RULES AND REGULATIONS, INFORMATION AND DEFINITIONS (Oregon)

Section 1. Authority Under Which Accounting Rules and Regulations are Prescribed—This uniform classification of accounts is prescribed by the Public Service Commission of Oregon in accordance with the provisions of section 6040 (section 11 of chapter 279 of the Laws of 1911) known as the public utility act, which reals as follows;

> § 6040. *Uniform Accounting by Utility*—Every public utility shall keep and render to the commission in the manner and form prescribed by the commission, uniform accounts of all business transacted. All forms of accounts which may be prescribed by the commission shall conform as nearly as practicable to similar forms prescribed by federal authority. Every public utility engaged directly or indirectly in any other business than that of the transportation of persons or property by street railroads or the production, transmission or furnishing of heat, light, water or power or the conveyance of telephone messages shall, if required by the commission, keep and render separately to the commission in like manner and form the accounts of all such other business, in which case all the provisions of this act shall apply with like force and effect to the books, accounts, papers and records of such other business.

Sec. 2. Definitions—(*a*) The terms "utility," "accounting company," or "corporation," as used in this classification of accounts, mean any "public utility" as defined in the public utility act that now owns or hereafter may own, operate, manage or control, any plant or equipment or part of a plant or equipment in this state for the production, transmission, delivery or furnishing of heat, light, water, or power whether directly or indirectly to or for the public.

(*b*) The term "Commission" means the Public Service Commission of Oregon.

Sec. 3. General Scheme of Accounts—(*a*) All accounts under this classification shall be kept by the double-entry method.

(*b*) For convenience the accounts have been classified under six grand divisions, namely, balance sheet accounts, fixed capital accounts, income accounts, profit and loss accounts, operating revenue accounts, and operating expense accounts. In each such division the titles of the accounts are shown followed by the text thereof and where necessary explanatory notes are appended. Preceding the texts of the accounts in each division are general instructions or requirements relating to the accounts embraced in the division, definitions of certain technical terms, and other explanatory matter. Particular attention is directed to these general instructions.

(*c*) The numbers prefixed to account titles are solely for convenience of reference and are not part of the titles or definitions.

Sec. 3. (*d*) This classification is the same as that adopted by the National Association of Railway and Utilities Commissioners November, 1922, *except* for certain modifications, which are indicated by the word (Oregon) in either group heading, account title, or paragraph, according to the extent of the modification.

Sec. 4. Application of the Accounting System, and Classification of Utilities for Purposes of Accounting— (*a*) For the purposes of accounting utilities are divided into four classes, namely:

Class A—Utilities having average annual operating revenues properly includible in income account 401, exceeding $250,000.

Class B—Utilities having average annual operating revenues, properly includible in income account 401, exceeding $50,000 but not over $250,000.

Class C—Utilities having average annual operating revenues, properly includible in income account 401, exceeding $10,000 but not over $50,000.

Class D—Utilities having average annual operating revenues, properly includible in income account 401, of $10,000 or less.

(*b*) In order that frequent changes may be avoided, the class to which a utility engaged in public service belongs may be determined by the average of its annual revenues for the three years next preceding the year for which the accounts are being kept. Public service utilities engaged in new enterprises, the annual revenue from which is not known in advance, shall be classed in accordance with a reasonable estimate of their prospective revenue.

The classification of operating expenses which follows is adapted to utilities in Classes A, B, and C. The primary accounts are expended and subdivided as will be indicated to meet the needs of each class. No separate definitions are stated for accounts which are thus divided, but the content of such accounts is to be found in the definitions of the final subdivisions. When such subdivisions are kept as primary ledger accounts it will not be necessary to keep also the account which has been subdivided.

Each utility should keep, so far as they are applicable to its business, at least the accounts provided for the class to which it belongs. Any utility may, however, keep any or all of the accounts of the more extended schemes provided for those utilities which are in higher revenue classes. If desired, further refinements or extensions of the scheme of accounts to meet the needs of individual utilities may be made by subdividing the accounts herein established, provided that the integrity of the required accounts is not impaired.

Each title in a condensed classification is to be understood to comprise the titles following it for a more expanded classification. The letter C, preceding the title denotes that at least the accounts so indicated must be kept by utilities in Class C, so far as they are applicable to its business. The letters A and B indicate the accounts that must be kept by Class A and B utilities. Accounts that are to be kept as primary accounts by more than one class of utilities are indicated by prefixing the letters of all the classes which are required to keep such accounts.

At the end of this classification there is given a grouping for Class D companies of the balance sheet, fixed capital, and operation expense accounts, which permits the continuation of the present simplified form for Class D electric and water utilities.

Sec. 5. Accounting Periods—The accounting under this system of accounts shall begin on January 1, 1925, and unless otherwise authorized by the commission the entries shall be made and the accounts kept on a monthly basis. Books and accounts shall be first closed as of December 31 following the beginning of accounting hereunder and annually thereafter as of December 31.

Sec. 6. Records— (*a*) Each utility shall so keep its general books of account and all other books, records, and memoranda, which support in any way the entries in such accounting books, that it can furnish at any time full information as to any account kept by it. Each entry to each account shall also be supported by such detailed information as will enable a ready identification and verification of the facts recorded therein.

(*b*) The books and records referred to herein include not only accounting records in a limited technical sense but all other records, such as minute books, stock books, etc., which will be useful in developing the history of any of the utility's transactions.

(*c*) No utility shall destroy or otherwise dispose of any records which support entries to any of its fixed capital accounts or any other records referred to herein which are necessary for an analysis of its accounts or in developing the history of transactions.

(*d*) All records herein referred to shall be kept by the utility where they will be reasonably protected from theft or from damage by fire, flood, or otherwise, and where they will be readily accessible for inspection by the duly authorized representatives of the commission.

(*e*) For plant and equipment purchased, see account 358, "Cost of plant and equipment purchased."

Sec. 7. Submission of Accounting Questions—To the end that uniformity of accounts may be maintained from year to year, utilities shall submit all questions of doubtful interpretation of the accounting rules and regulations to the commission for consideration and decision.

Sec. 8. Designation of Accounts for Joint Utilities—Those public utilities which operate either, or both, gas and water utilities in addition to an electrical utility, shall use the characteristic initials "E—," "G—," and "W—," as a prefix to the electrical, gas, and water account numbers prescribed in the fixed capital, operating revenue, and operating expense accounts.

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BALANCE-SHEET ACCOUNTS

GENERAL INSTRUCTIONS AND DEFINITIONS

Section 1. Balance-sheet Accounts Defined—By balance-sheet accounts are meant those titles under which the ledger accounts are combined and summarized to show the assets or other debits, liabilities or other credits, and surplus or deficit of an enterprise at a given time. Where the title and definition of a balance-sheet account clearly indicate that it is a summary of other accounts it is not required that a special ledger account shall be raised under such title to include the balances from the accounts usually carried on the ledger.

Sec. 2. Form of Balance Sheet—The standard form of balance sheet is shown on pages 8 and 9. Certain of the terms there used are defined, for the sake of greater clearness, in the following paragraphs.

Sec. 3. Current Assets—Current assets are those assets that are readily converted into money or capable (in the case of materials and supplies) of being used in operation or construction.

Sec. 4. Investments—Investment represents the relatively permanent employment of property for the purpose of directly or indirectly producing revenue. Investment in permanent assets devoted to the undertakings for which the accounting company is primarily organized is called fixed capital investment, or simply *fixed capital*. Property in the form of assets necessary to the conduct of the accounting company's operations, of which the individual items are subject to frequent change, is sometimes said to represent an investment in *working capital*. Investments may also be of property segregated in special funds; of property devoted to the use of affiliated corporations, or of property not devoted to the undertakings for which the accounting company is primarily organized, as more specifically defined in account No. 122, "Miscellaneous investments," which see. *Encumbered investments* are those held subject to a lien or other encumbrance of some character. *Unencumbered investments* are those held free of all encumbrances.

Sec. 5. Funds—Funds are assets, usually those capable of ready conversion into cash, set aside in the hands of trustees or otherwise restricted to specific uses.

Sec. 6. Suspense Accounts—Suspense accounts are accounts in which may be carried any expenditure the appropriate disposition of which is not yet determined, or any loss which may properly be spread over a period of time, or any other debit which may be amortized through charges made to expense or other income accounts at intervals over a period of time; credit items, the final disposition of which is not yet determined, may also be carried in suspense under account No. 261, "Miscellaneous unadjusted credits."

Sec. 7. Adjustment Accounts—Adjustment accounts are accounts in which may be carried debits that offset certain liabilities but which it is not desirable, as a matter of bookkeeping convenience, to charge against the liability accounts concerned.

Sec. 8. Current Liabilities—Current liabilities are those which are definitely determined in amount and are either matured at the date of the balance sheet or become due within a year from date or upon demand of the creditor.

Sec. 9. Accrued Liabilities—Accrued liabilities are those not yet due, but which are to become due in the near future and which accrue or grow from day to day, such as unmatured interest, rents, taxes, etc. Credits to accounts representing accrued liabilities whose amounts are not definitely known, as in the case of many taxes, are made on the basis of estimates which are adjusted when the proper amounts become known.

Sec. 10. Reserves—Reserves are credit accounts created through arbitrary or estimated charges made to provide wholly or in part for matters to be later determined.

Sec. 11. Discount and Premium on Capital Stock—(*a*) By the term "discount" is meant the excess of the par value of stocks actually issued or assumed (and accrued dividends, if any, expressed in the contract of sale) over the actual cash value of the consideration received for such stocks. By the term "premium" is meant the excess of the actual cash value of the consideration received for stock issued or assumed over the par value of such stock (and accrued dividends, if any).

(*b*) Ledger accounts shall be provided to cover the discounts and premiums on each class of capital stock issued or assumed by the accounting company. The total of the net debit balances remaining in these several accounts shall be included in account No. 141, "Discount on capital stock," and the total of the net credit balances in account No. 202, "Premium on capital stock."

(*c*) Entries in these accounts representing discounts shall be carried therein until offset (1) by premiums realized on subsequent sales of the same class of stock, (2) by assessments levied on the stockholders, (3) by appropriations from surplus for that purpose, or (4) by charges to profit and loss upon reacquirement of the stock. Entries in these accounts representing premiums realized shall be carried therein until offset (1) by discount suffered on sales of the same class of stock, or (2) by credits to profit and loss upon reacquirement of the stock. In case the accounting company is permitted and elects to distribute all or any part of the net premium on its capital stock to its stockholders, the amount thus distributed shall be charged to the premium account.

(*d*) For the purpose of this classification the premium realized at the sale of capital stock shall not be considered a profit and loss item except upon reacquirement of the stock sold.

(*e*) In no case shall discount on capital stock be charged to or included in any account as a part of the cost of acquiring any property, tangible or intangible, or as a part of the cost of operation.

(*f*) When stock which has been issued or assumed by the accounting company is reacquired, the difference between the price paid and the par value of the stock shall be charged or credited to profit and loss as may be approprate. Concurrently the premium or discount account for the particular issue of stock reacquired shall be adjusted through profit and loss to the extent of the premium or discount applicable to the shares reacquired. This does not apply to the purchase of securities solely for special funds in which the accounting company carries at cost instead of par value securties issued or assumed by itself.

(*g*) In case the premium or discount realized at the prior sale of the stock reacquired has been included in an asset account other than the premium and discount account, such asset account shall be concurrently adjusted through profit and loss to the extent of the premium or discount previously included therein with respect to the shares reacquired.

SEC. 12. Discount, Expense, and Premium on Long-term Debt (Oregon).—(*a*) By the term "discount" is meant the excess of the par value of the securities issued or assumed and the accrued interest thereon, over the actual cash value of the consideration received for such securities. By the term "premium" is meant the excess of the actual cash value of the consideration received for securities issued or assumed over the par value of such securities and the accrued interest thereon.

(*b*) By the term "expense" is meant all expenses in connection with the issue and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording mortgages and trust deeds; cost of printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year; costs incident to obtaining governmental authority to issue securities; fees paid for legal services to trustees relative to mortgage securities; fees and commissions paid underwriters and brokers for marketing such evidences of debt; and other like expenses.

(*c*) Ledger accounts shall be provided in which to include the discounts suffered, expense incurred, and premiums realized at the sale of each class of long-term debt (including receivers' certificates) issued or assumed by the utility. If fixed capital accounts are debited or credited with any portion of the discount, expense, and premium on long-term debt (see fixed capital account 355. "Interest during construction") the amount included in fixed capital accounts shall be debited or credited, as may be appropriate, to the ledger accounts for discount, expense, and premium; and when entries are made debiting or crediting income accounts for amortization of discount, expense, and premium, as required by paragraph (*d*) following, or debiting or crediting profit and loss, as required by following paragraph (*e*), contra credits and debits shall be made to the appropriate ledger accounts. In stating the balance sheet the total of the net debit balances remaining in the several ledger accounts shall be reported under balance-sheet account 131, "Unamortized debt discount and expense," and the total of the net credit balances remaining in the several ledger accounts shall be reported under balance-sheet account 253, "Unamortized premium on debt."

(*d*). Each month (or other accounting period) there shall be charged to income account 433, "Amortization of debt discount and expense," a proportion (based on the ratio of such period to the remaining life of the respective securities) of each of the debit balances in the ledger accounts for discount, expense; and premim, and correspondingly there shall be credited to income account 434, "Amortization of premium on debt—Cr.," a similar proportion of each of the credit balances in such ledger accounts.

(*e*) When any long-term debt which has been actually issued to bona fide holders for value is reacquired by the utility, a proportion of the balance remaining in the ledger accounts covering discount, expense, and premium on long-term debt of the class of security reacquired shall be credited or charged, as may be appropriate, to profit and loss. Such proportion shall be based

upon the ratio of the par value of the security reacquired to the par value of all the securities of the same class actually outstanding immediately before such reacquirement. In case, however, the premium or discount realized at the prior sale of the securities reacquired has been included (in excess of the proportion authorized in the text of fixed capital account 355, "Interest during construction") in an account other than the premium and discount account, such account shall be concurrently adjusted through profit and loss to the extent of such excess of the premium or discount previously included therein with respect to the securities reacquired. This paragraph does not apply to the purchase of securities solely for special funds in which the utility carries at cost instead of par value securities issued or assumed by itself.

(*f*) Except as provided in account 355, "Interest during construction," no discount or long-term debt shall be charged to or included in any account as a part of the cost of acquiring any property, tangible or intangible, or as a part of the cost of operation.

Sec. 13. Contingent Assets and Liabilities.—Contingent assets and liabilities shall not be included in the body of the balance sheet statement. Whenever the balance sheet is stated, however, contingent assets and liabilities, if any, should be shown in detail in a supplementary statement. Contingent assets represent possible sources of value contingent upon the fulfilment of conditions regarded as uncertain.. Contingent liabilities include items which may, under certain conditions, become obligations of the company, but are neither direct nor assumed obligations at the date of the balance sheet.

TEXT PERTAINING TO BALANCE-SHEET ACCOUNTS

I. ASSETS AND OTHER DEBITS

101. Fixed Capital.

This account shall include the cost of property having an expectation of life in service of more than one year which is devoted to the operations conducted by the accounting company, less deductions for property abandoned, sold or otherwise retired.

Separate subdivisions shall be used for each distinct class of operations conducted by the accounting company, as, for example, "Fixed capital—electric," "Fixed capital—gas." If, however, the accounting company conducts two or more separate and distinct classes of operations, as in the case of a company having both an electric and gas department, expenditures chargeable to such fixed capital accounts as "Land," "Organization," "General structures," "Engineering and superintendence," etc., which are not assignable to a particular department or kind of operations, may be shown in a subdivision having the title "Fixed capital—general." The foregoing shall not be construed to prohibit the apportionment of such expenditures between departments on a more or less arbitrary basis provided this basis is clearly stated in the accounting company's public reports.

111. Cash.

This account shall include all money coming into the possession of the utility in which it has a beneficial interest. This covers coin of the United States, United States Treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer on demand; also all bank credits, checks and drafts receivable subject to satisfaction or transfer upon demand (whether payable to bearer or to order).

112. Notes Receivable.

This account shall include the ledger value of all notes and bills receivable which are the property of the utility and upon which solvent concerns or individuals are liable. This covers demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomever issued. This account does not include notes coming within the definition of "Investment in affiliated companies" or "Miscellaneous investments" (for which see accounts 121 and 122, respectively).

113. Accounts Receivable.

This account shall include all amounts (other than deposits in banks) owing to the utility upon open book accounts with solvent concerns and individuals; also the ledger value of all accounts and claims upon which responsibility is acknowledged by solvent concerns and individuals or which are sufficiently secured to be considered good, and of all judgments against such concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

Note A—The record of accounts receivable shall be kept in such manner as to permit the ready segregation of the three groups—consumers' accounts, accounts with affiliated companies, and miscellaneous accounts receivable.

Note B—It is suggested that when practicable consumers' accounts be further classified into current month accounts, accounts more than one month but less than one year old, and accounts over one year old.

114. Interest and Dividends Receivable.

This account shall include the amount of interest accrued to the date of the balance sheet on funded and unfunded securities, loans, open accounts, mortgages, and deposits held by or for the utility; dividends declared on stocks similarly held, and dividends accrued on stocks when contracts require that the dividend be paid at stated times.

Note—No amount representing interest or dividends receivable shall be included in this account unless its payment is reasonably assured by past experience and anticipated provision, or otherwise. But the definition of this account should not be construed to prevent the carrying of interest and dividends receivable in a suspense account until collection has actually been made, even though the debtor be considered to be solvent.

115. Marketable Securities.

This account shall include the cost or book value of marketable securities (other than those issued or assumed by the utility) held in the utility's treasury unpledged and free for sale and not necessary or desirable for the utility to hold for the purpose of maintaining the integrity of its business or operations. Securities which may not readily be sold at their fair market value should be classed as "Miscellaneous investments," and included in account 122.

Records shall be kept which will permit the ready analysis of the balance in this account as between:

(*a*) Stocks.

(*b*) Bonds.

(*c*) Long term notes (not classifiable as "Notes receivable" properly includible in Account No. 112, "Notes receivable").

(*d*) Miscellaneous.

116. Materials and Supplies.

This account shall include the balances representing the cost (including transportation, insurance, and inspection charges, customs duties, etc.) of all material and supplies not charged out in the utility's accounts, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Trade or cash discounts allowed in connection with the purchase of or payments for materials and supplies shall be credited to the particular bills on which such discounts are allowed, or to clearing account "Stores department" when not practicable to credit the particular bills.

The cost of materials and supplies includes all specially assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and the cost of any special tests made thereon prior to their acceptance.

When any materials or supplies the cost of which has been charged to this account are issued for use, the amount at which they stand charged herein should be credited to this account and charged to the proper construction, operating expense, or other account.

The scrap or salvage value of things retired from service shall be charged to an appropriate subaccount in this account while such things remain the property of the utility. If such salvage value is not known, and can not readily be determined, it shall be estimated.

Inventories of materials and supplies shall be taken at least annually and any shortage or overage disclosed by such inventories shall be credited or debited to this account and concurrently debited or credited to operating expenses, fixed capital, or other appropriate accounts.

Note A—It is not required that the transportation and other elements of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things, the portion of the expense not assigned to specific things should be charged to the clearing account, "Stores department."

Note B—If an appliance sold is for any reason returned to the utility, it should be charged to the appropriate subaccount at its appraised value. Cost of repairing or renovating it should be charged to the same subaccount. Appropriate adjustments should be made in accounts credited with the original sale.

117. Prepayments.

This account shall include the debit balances described under the following subheads:

(*a*) *Prepaid Taxes*—The excess of taxes paid over the amount properly chargeable to current income or other similar account, as shown by a debit balance in the tax liability account (See account 231, "Taxes accrued," p. 26.)

(*b*) *Prepaid Rents*—The amount of rents paid in advance of the enjoyment of the term. As the term is consumed this account shall be credited at regular accounting intervals and the appropriate rent account debited with the amount applicable to the period.

(*c*) *Prepaid Insurance*—The amount of premium on insurance policies paid in advance of their accrual. As such premiums accrue they should be credited at regular accounting intervals to this account and charged to the appropriate operating expense or other account.

(*d*) *Miscellaneous Prepayments*—Prepayments made for any purpose other than as provided for in the three preceding heads.

Note—By the accrual of insurance, rents, etc., is meant their accumulation when considered as spread uniformly over the period to which they apply. Thus, if the rent fixed by contract of lease for a certain property is $600 for a calendar year, this accrues at the rate of $50 each month (unless it is desired to base the accruals on days, when the varying lengths of the months would require to be considered), regardless of the actual times when the rent matures; $50 should thus (if the rent has been prepaid) be credited each month to the subaccount "Prepaid Rents" and concurrently charged to the appropriate account in the "Income" account. Similarly in the case of other prepayments.

118. Subscribers to Capital Stock.

This account shall be charged with subscriptions received for capital stock. The amount expressed in the entry charging this account shall be determined in accordance with the subscription agreement. Concurrently, there shall be credited to account No. 203, "Capital stock subscribed," an amount representing the stock subscribed as stipulated in the subscription agreement. Payments received from subscribers shall be credited to this account.

119. Miscellaneous Current Assets.

This account shall include the cost of all current assets which are not includible under any of the foregoing accounts. (See "Balance sheet accounts—general instructions and definitions," section 3, page 5.)

121. Investments in Affiliated Companies (Oregon).

This account shall include the ledger value of the utility's investment in securities and nonnegotiable notes issued or assumed by affiliated companies, such securities and notes not being held in special deposits or in special funds; also of its investment advances to such companies.

Two companies are affiliated if either one controls the policy of the other or if both are subject to the same control.

By "investment advances" are meant debit balances in open accounts with affiliated companies not subject to current settlement and interest accrued on such open accounts when such interest is not subject to current settlement.

This account shall be divided as follows: (*a*) Stocks; (*b*) bonds; (*c*) notes; (*d*) advances.

Note A—Balances in open accounts with affiliated companies which are subject to current settlement, such as charges for materials and supplies currently furnished, charges for repairs to equipment, etc., shall be classed as current assets or current liabilities as may be appropriate.

Note B—Securities borrowed by the utility and pledged should not be included in this account.

Note C—Securities pledged for purposes other than that of security for long or short term debt of the accounting company should be included in account No. 123, "Sinking Funds"; account No. 124, "Depreciation Funds"; account No. 125, "Miscellaneous special funds"; or account No. 126, "Special deposits," as may be appropriate.

122. Miscellaneous Investments.

This account shall include the balances in accounts representing miscellaneous investments such as those in securities of nonaffiliated corporations, in tangible property of a permanent nature not coming within the definition of fixed capital, as, for example, real estate leased to others or held for a rise in value, etc., provided such investments are not included in any special fund account.

The accounting company's records shall be kept in such manner as to permit the ready analysis of this account to show separately in the company's annual reports full particulars concerning its investments of any given class, including the ledger value of those which are held subject to a mortgage, pledge or other lien.

123. Sinking Funds.

This account shall include the amount of cash, the ledger value of securities of other companies, and other assets which are held by trustees of sinking funds for the purpose of redeeming outstanding obligations, including such assets so held by the utility when they are segregated in a distinct fund; also amounts deposited with such trustees on account of mortgaged property sold, when the proceeds of such sale are to be held for the redemption of securities; and the cost of live securities issued or assumed by the utility and held in such funds. A separate account shall be kept for each fund and the title of each fund should designate the obligation in support of which the fund is created. (See income account 425, "Income from special funds," p. 62.)

Note—Should the constituents of a sinking fund change substantially in value, and such change seem likely to be permanent, it may be reflected by suitable entries in this account and in the corresponding reserve account or in "Profit and Loss," as may be appropriate.

124. Depreciation Fund.

If the accounting company desires, or is required, to segregate in a special fund the assets, or any part of the assets, represented by the depreciation

reserve, the ledger value of such assets shall be included on the balance sheet in this account. (See Account 228, "Borrowings from depreciation fund," p. 26.)

(Oregon.) Where required by specific orders of the Commission, the following subaccount shall be kept with reference to all utility operations within the state of Oregon:

124-Or. Depreciation Fund for Oregon:

There shall be concurrently charged to this account by withdrawals from cash, or equivalent course, accounts equal to the net credits from operating expenses to account 251-Or., "Depreciation reserve for Oregon."

Permanent withdrawals from this fund shall be made only in the amount of the estimated accrual in the fund upon the plant item, or items retired. Borrowings may be made from the assets in this fund for additions and betterments, or for investment with good security. The assets in this fund may also be temporarily borrowed for extraordinary repairs and replacements due to casualties, in which case such loans shall be returned to the fund. Such borrowings shall be credited to account 228-Or., "Borrowings from depreciation fund for Oregon," and charged to cash or other appropriate account. Monthly, or annual accruals, shall also be made to this fund for interest on balances in this account at such annual rate of interest as determined by the commission in its orders. Subaccount 251-Or., "Depreciation reserve for Oregon," shall be concurrently credited for the amounts thus charged to this account for interest accruals.

Note A—Where no depreciation fund is kept other than for utility operations in Oregon, this subaccount becomes a substitute for the main account, and should be so designated in the balance sheet.

125. Miscellaneous Special Funds.

This account shall include the amount of cash and the ledger value of securities of other companies and other assets in insurance, employes' pension, savings, relief, hospital, and other funds which have been raised and specifically set aside or invested for purposes not provided for elsewhere; also the cost of securities issued or assumed by the utility and held in such funds. A separate account shall be provided for each fund. (See income account 425, "Income from special funds," p. 62.)

126. Special Deposits.

This account shall include the debit balances described under the following subheads:

(*a*) *Coupon Special Deposits*—All moneys and bank credits specially deposited in the hands of fiscal or other agents of the accounting company for the payment of interest coupons when presented. Such coupons when paid from such deposits shall be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents of the holders of bonds or other securities) of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest shall not be charged to this account, but to the appropriate "Interest accrued" account.

(*b*) *Dividend Special Deposits*—All moneys and bank credits specially deposited in the hands of the fiscal or other agents of the utility for the payment of dividends upon its stocks. Such dividends when paid from such deposits shall be credited to this account and charged to the appropriate dividend account.

(c) *Miscellaneous Special Deposits*—All moneys and bank credits deposited in the hands of fiscal or other agents of the utility for special purposes other than the payment of interest and dividends. Entries covering charges under this subhead shall specify the purpose for which deposit is made. When such purposes are satisfied this account shall be credited with the amount specially deposited to provide such satisfaction.

Note—This account shall not include any asset available for general purposes.

131. Unamortized Debt Discount and Expense.

This account shall include the total of the net debit balances representing the discount and expense in connection with the issuance of each class of the accounting company's long-term debt (see "Balance sheet accounts—General instructions and definitions," section 12, page 12).

132. Property Abandoned (Oregon).

This account is intended as a suspense account in which to include losses on fixed capital retired from service when not provided for by the depreciation reserve, such as extraordinary casualties resulting in losses not wholly covered by insurance, etc. This account may also be used for other property abandoned, as provided in balance sheet, Account 251, "Depreciation reserve," which see, page 28.

Application shall be made to the commission for permission to amortize any balance in this account by charges to operating expenses, in which case the application shall be accompanied by a statement containing a full explanation with respect to each item and amount of each which it is proposed to be so amortized, the original account and amount credited at the time charges were made to the "Property abandoned" account, the period over which and the accounts to which it is proposed to amortize such charges. This account shall be divided into:

132.1. **Extraordinary Casualties and Other Items**—Authorized to be amortized through charges to operating expenses. (See account 782 "Depreciation expense.")

132.2. **Other Property Abandoned**——to be amortized through charges to income or surplus.

133. Jobbing Accounts.

This account shall include the balances in accounts with customers or others for jobbing work not completed at the date as of which the balance sheet is stated. Such accounts, when work is completed and charges made, shall be cleared by charges to accounts receivable.

134. Clearing or Apportionment Accounts.

This account shall include the debit balances in accounts maintained to carry temporarily the cost of operating such facilities as garages, stables, storehouses, etc., and also overhead costs such as it is desirable shall be apportioned over the construction and operating accounts involved.

The charges to operating accounts and the credits to the clearing accounts should, unless there is some good reason to the contrary, be so distributed that the costs for any one year will be absorbed by the transactions occurring during that year.

135. Work in Progress.

This account shall include the total of the balances in open "work order" or "job order" accounts for work in progress, or in suspense accounts to which the cost of reconstruction or maintenance work is temporarily charged pending its final distribution to the appropriate fixed capital, operating expense, or other accounts.

NOTE.—Charges for additions to fixed capital not involving replacements, or for improvements which necessitate retirements or reconstruction of existing property when full credits have been made in advance to fixed capital accounts to cover the ledger cost of property retired, may be carried in fixed capital account No. 359, "Unfinished construction," which see page 55.

136. Miscellaneous Suspense (Oregon).

This account shall include all debits not elsewhere provided for, the proper final disposition of which is uncertain. This account will be subdivided as follows:

136.1. Extraordinary Deferred Charges to Operation—

(Oregon.) This is intended as a suspense account in which shall be temporarily carried extraordinary and unusual expenses which are not considered as relating to the operations of the year in which they occur or are incurred, and which may reasonably be amortized by charges to operating expense over a future period, such as expenses incurred in proceedings before regulatory commissions involving valuation of property, the fixing of rates, etc., and not expected to recur annually; the cost of preliminary investigations of proposed operating undertakings which have been definitely abandoned; and other similar items.

Entries in this account with respect to each charge or class of charges thereto shall be made in such manner and form as to permit ready identification of each item and analysis of the account. Each credit to this account and each corresponding charge to operating expense accounts, and basis of amortizing such charges shall be fully explained.

Unless otherwise directed by the commission, expenses in connection with proceedings before regulatory commissions involving rates or valuation of property shall be amortized over a proper period by charges to operating expense account 784, "Regulatory commission expenses."

136.2. Other Miscellaneous Suspense—

(Oregon.) This subaccount shall include all debits not elsewhere provided for, the proper final disposition of which is uncertain. This subaccount will include the cost of tentative or preliminary surveys, designs, and investigations made for determining the feasibility of projects under contemplation. If the project is thereafter definitely undertaken, such amount shall be credited to this account and charged to the proper work order, fixed capital, or other account. If the project is abandoned, the cost of the preliminary investigation shall be charged to 136.1, "Extraordinary deferred charges to operations." Whenever the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account.

141. Discount on Capital Stock.

This account shall include the total of the net debit balances representing the discount on capital stock issued or assumed by the accounting company (see "Balance sheet accounts—General instructions and definitions," section 11, page 11.)

142. Reacquired Securities.

When securities have been actually issued to bona fide holders for value (or after such issue by another corporation have been assumed) and after such issue (or assumption) are reacquired by the utility under circum-

stances which require that they shall not be treated as paid or retired, they shall be charged to this account at par value. If the price at which such securities are reacquired is greater or less than the par value, the difference shall be adjusted through profit and loss or through the appropriate discount or premium account.

Note A—This account shall not include securities that are merely guaranteed.
Note B—This account shall not include any securities held in sinking and other reserve funds.

143. Treasury Securities.

This account shall include the par value of securities which have been nominally but not actually issued by the utility. For definition of the term "nominal issue," see note A under account 201, "Capital stock," and note B under account 211, "Long-term debt."

(Oregon.) Subdivisions of this account shall be maintained for (*a*) capital stock and (*b*) long-term debt.

150. Profit and Loss—Deficit.

Under this head shall be shown the debit balance, if any, in the profit and loss account. (See "Profit and loss account—General instructions and definitions," section 1, p. 66.)

II. LIABILITIES AND OTHER CREDITS

201. Capital Stock.

This account shall include the items described under the following subheads:

(*a*) *Full Paid Stock*—This covers the total par value of stocks or receipts issued to represent permanent full-paid interests in the accounting company, or interests which, if terminable, are so only at the option of the company. By "Full-paid interest" is meant an interest in which the full amount of the subscription has been paid in.

(*b*) *Instalments Paid on Stock Subscriptions*—This covers the amount of instalments paid on subscriptions for capital stocks. When the full amount of the subscription has been paid and certificates of stock are issued therefor this account shall be cleared and the par value of the stock so issued shall be credited to the account appropriate for such stock.

(*c*) *Stock Liability for Conversion*—This covers the accounting company's liability under agreements to exchange its capital stock for the outstanding securities of companies whose physical property has been acquired under such agreements, but whose securities have not yet been surrendered for exchange.

The records shall be so kept that stocks of different classes may be separately shown. The following is the most important classification of stock:

(*a*) Common stock—Stock which has no preference in the distribution of dividends.

(*b*) Preferred stock—Stock having preference in the distribution of dividends.

(*c*) Debenture stock—Stock issued under a contract to pay a specified return at specified intervals.

Preferred stock may be further classified as *first preferred, second preferred*, etc., or as *cumulative* or *noncumulative*; or as *participating* or *non-*

participating. *First preferred stocks* are those which have the first claim upon such dividends as may be distributed; a claim upon dividends taking precedence over the claim of common stock but inferior to the first preferred stock may be represented by *second preferred stock*, and so on. Stock is *cumulative* if the amount by which the dividend at any dividend period fails to reach a stipulated dividend rate is carried forward to continue as a claim upon the dividend fund until satisfied. Stock is *noncumulative* if such amount lapses. Stock is *participating* if it is not limited to a stipulated rate in the amount of dividends which it may receive but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends. It is *nonparticipating* if it is limited to a stipulated rate.

Stocks may differ also with respect to voting provisions and conditions under which they may be retired. A separate ledger account should be maintained for each class of stock issued, and no two stocks shall be considered of the same class unless they are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks and shall be clearly expressed in the first entry of such account. To the account for any class of stock shall be credited, when issued, the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other consideration than money, the person to whom issued shall be designated and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the treasurer or other agent of the corporation to be by him disposed of for the benefit of the corporation, that fact, and the name of such agent, shall be shown; and such agent shall, in his account of the disposition thereof, show the like details concerning the consideration realized thereon, which account when accepted by the corporation, shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock and accrued dividends, if any, expressed in the contract of issue, the excess shall be credited to account No. 202, "Premium on capital stock," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

For each class of stock the records shall also show plainly the par value of (1) certificates issued and actually outstanding, being those not held by the company, its agents or trustees, or subject to its control, and (2) certificates pledged and unpledged held in the company's treasury, by its agents or trustees, or otherwise subject to its control, including both those reacquired after actual issue and those nominally but never actually issued.

Note A—Capital stock is considered *nominally issued* when certificates are signed and sealed and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the accounting company. It is considered to be *actually issued* when it has been sold to a *bona fide* purchaser for a valuable consideration, and such purchaser holds it free from all control by the accounting company. All capital stock actually issued and not reacquired by or for the accounting company is considered to be *actually outstanding*. If reacquired by or for the accounting company, under such circumstances as require it to be held alive and not canceled or retired, it is considered to be *nominally outstanding*.

Note B—When stock without par value is issued the actual money value of the consideration realized from the issue should be credited to the account representing that particular class of stock.

202. Premium on Capital Stock.

This account shall include the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued and accrued dividends, if any, expressed in the contract of issue. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by such agent in exchange for such stock over the par value and accrued dividends thereof shall be considered the premium realized. A separate ledger account shall be maintained for each class of stock as distinguished according to the text of account No. 201 preceding. Entries in these accounts shall be carried therein until offset by credits to profit and loss upon reacquisition of the stock or by credits to "Cash" or similar account if the corporation distributes to its stockholders all or any part of the premium realized on its stock.

203. Capital Stock Subscribed.

Subscriptions to capital stock shall be credited to this account. This account shall be charged when the subscriber has paid his subscription in full and is entitled to receive certificates representing the shares subscribed. Concurrently, credits shall be made to account No. 142, "Reacquired securities," or account No. 143, "Treasury securities," if deliveries are made from capital stock so held. Otherwise, credit the appropriate subdivision of account No. 201, "Capital stock."

204. Proprietor's Account (Oregon).

This account shall be used where the business is conducted by an individual, firm, copartnership or under any style other than an incorporated company, and shall include the amount contributed by the proprietor and invested in fixed capital accounts.

When proper to use this account it shall be credited with the amount so invested and properly chargeable to fixed capital accounts, also with the cash value of equipment and other property furnished by those interested in the concern and used in construction and properly chargeable to fixed capital accounts. There may also be included in this account as an advance a reasonable amount of working capital, if represented by cash, materials and supplies or other current assets.

All credits to this account shall be offset at the time such credits are entered, by debits in the fixed capital accounts or in the current asset accounts representing working capital.

Note—The amount of funds borrowed for construction, or for working capital will be shown either in account 211 "Long-term debt" or in account 221 "Notes payable."

211. Long Term Debt.

This account shall include the total par value of all debt except receiver's certificates and advances from affiliated companies (for which see below) which by the terms of its creation does not mature until more than one year after date of creation. This covers bonds, notes, mortgage certificates and all other forms of acknowledgment of indebtedness.

The records shall be so kept that long-term debt of different classes may be separately shown. The most important classification is that based upon the nature of the lien or security as follows:

(*a*) Mortgage bonds—Bonds secured by a lien on physical property and not includible in the other subdivisions of this account.

(*b*) Collateral trust bonds—Bonds and notes having a date of maturity of more than one year after date of issue secured by a lien on securities or other commercial paper; also stock trust certificates that are similar in character to collateral trust bonds.

(*c*) Income bonds—Bonds which are a lien on the accounting company's revenue alone, or bonds which, while being a lien on its property and franchises, can claim payment of interest only in case interest is earned.

(*d*) Equipment obligations—Equipment bonds, equipment notes or other obligations secured by lien on specific equipment.

(*e*) Miscellaneous obligations—All long-term obligations not provided for in the four preceding classes, including notes, unsecured certificates of indebtedness, debenture bonds, plain bonds, real estate mortgages executed or assumed, and other similar obligations maturing more than one year after date of issue.

(*f*) Receipts outstanding for long-term debt—Receipts for payment on account of long-term debt securities. When the securities are issued for amounts so paid, the face value shall be included in the account covering the class of funded debt for which the securities are issued.

Long-term debt may differ also with respect to rates of interest, interest dates and date of maturity. Separate ledger accounts shall be maintained for each class of long-term debt, and no two amounts of debt not agreeing in respect to all four of the characteristics above named shall be included in the same ledger account, except that parts of any long-term debt issue agreeing in other characteristics but maturing serially may be treated as of the same class. The title of each ledger account for long-term debt shall express the four characteristics above stated, that is to say, mortgage or other lien or security, rate of interest, dates of maturity of interest and date of maturity of principal: as, e. g., "First mortgage 5 per cent Q. F. 10, August 10, 1928," which means a debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent per annum, interest maturing quarterly on February 10, May 10, August 10 and November 10 of each year, principal maturing August 10, 1928.

For each class of long-term debt the records shall also show plainly (1) the par value of certificates or other evidences of debt issued and actually outstanding, being those not held by the utility, its agents or trustees, or subject to its control; and (2) the par value of certificates or other evidences of debt pledged or unpledged held in the utility's treasury, held by its

agents or trustees, or otherwise subject to its control; including both those reacquired after actual issue and those nominally but never actually issued.

Note A—Securities maturing one year or less from date of issue shall be included in account No. 221, "Notes payable." Matured long-term debt shall be included in account No. 226, "Matured long term debt unpaid."

Note B—Long-term debt securities are considered to be nominally issued when certified by trustees and placed with the proper officer for sale and delivery, or pledged or otherwise placed in some special fund of the utility. They are considered to be actually issued when they have been sold to a bona fide purchaser for a valuable consideration and such purchaser holds them free from all control by the utility. All securities actually issued and not reacquired and held by or for the utility are considered to be actually outstanding. If reacquired by or for the utility, under such circumstances as require them to be considered as held alive and not canceled or retired, they are considered to be nominally outstanding.

212. Receiver's Certificates.

When any receiver, acting under the orders of a competent court, is in possession of the property of a utility, and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificate shall be included in this account.

Note.—Separate subaccounts shall be maintained for receiver's certificates which mature in more than one year and those which mature in one year or less from date of issue.

221. Notes Payable.

This account shall include the balances representing outstanding obligations in the form of notes, drafts, acceptances, or other similar evidences of indebtedness payable on demand or within a time not exceeding one year from date of issue.

222. Accounts Payable.

This account shall include the amount of audited vouchers or accounts and audited pay rolls unpaid on the date of the balance sheet; also balances representing unclaimed wages and outstanding pay and time or discharge checks issued in payment of wages, open accounts with other companies, except such as are includible under account 241, "Advances from affiliated companies," and similar items.

223. Consumers' Deposits.

This account shall include the amounts deposited with the utility by consumers as security for the payment of bills. Deposits refunded shall be charged to this account and credited to "Cash" or to account 125, "Miscellaneous special funds," if a special fund for such deposits is maintained. Deposits applicable to uncollectible or worthless bills shall at the close of the fiscal year (or earlier, at the option of the utility) be credited to the account of the consumer involved and debited to this account.

224. Matured Interest Unpaid.

This account shall include the amount of matured and unpaid interest on debt of the utility except where such interest is added to the principal debt, as is the usual case with judgments and sometimes with advances from affiliated companies.

225. Dividends Declared.

This account shall include the amount of any dividends which have been declared but not paid. Dividends shall be credited to this account as of the

day upon which they become a liability of the utility (which is generally the date upon which they are declared), and when paid shall be charged to this account and credited to "Cash" or other appropriate account.

226. Matured Long Term Debt Unpaid.

This account shall include the amount of long-term debt matured and unpaid without specific agreement for extension as to time of payment, including unpresented bonds drawn for redemption through the operation of sinking and redemption-fund agreements.

Note.—Real estate mortgages whose nominal maturity has been reached but which, by mutual agreement between mortgagees and mortgagor, are continued indefinitely as obligations of the utility, need not be transferred to this account but may continue to be carried in account 211, "Long-term debt."

227. Miscellaneous Current Liabilities.

This account shall include the balances in all open accounts representing current liabilities not specifically provided for in the foregoing accounts.

228. Borrowings From Depreciation Fund (Oregon).

This account shall include all borrowing from the "Depreciation fund." Borrowed assets from the fund shall be repaid whenever necessitated by a demand on the fund for permanent withdrawals.

A subaccount entitled 228 Or., "Borrowings from depreciation fund for Oregon" shall be kept with reference to all borrowings from the "Depreciation fund for Oregon."

Note—Where no depreciation fund is kept other than for operations in the state of Oregon, this subaccount becomes a substitute for the main account.

231. Taxes Accrued.

This account shall include the amount of taxes accrued and properly charged against income or other accounts in excess of the amount of taxes paid as shown by the credit balance in the tax liability account.

An open account, entitled "Tax liability account," shall be raised, and to it shall be credited at the close of each accounting period taxes accrued during the period, corresponding debits being made to the appropriate accounts for tax charges. Such credits will necessarily be based upon estimate, but from time to time during the year, as the actual tax levies become known, the amount of the periodic credits shall be adjusted so as to include as nearly as may be possible in each year the taxes applicable thereto. When any tax is paid it shall be charged to the "Tax liability account" and credited to "Cash" or other appropriate account. A debit balance in the "Tax liability account" due to the prepayment of taxes applicable to the period subsequent to the date of the balance sheet shall be shown under account No. 117, "Prepayments," while a credit balance shall be shown under account No. 231, "Taxes accrued."

232. Interest Accrued.

This account shall include the amount of interest accrued to the date of the balance sheet, but not payable until after that date on all indebtedness of the utility, except where such interest is added to the principal debt, as is the usual case with judgments, and sometimes with advances from affiliated companies. When such interest is paid, it shall be charged to this account and credited to "Cash" or other appropriate account. Separate subaccounts shall be maintained for each item of indebtedness.

When interest matures without being paid, it shall be charged to this account and credited to account 224, "Matured interest unpaid." Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the utility from further liability for such interest shall be considered equivalent to payments of interest made direct to bondholders and such interest shall not be credited to "Matured interest unpaid."

The interest accrued upon any judgment against the utility shall not be credited to this account, but to the account to which such judgment stands credited.

233. Miscellaneous Accrued Liabilities (Oregon).

This account shall include the balances in all accounts representing liabilities, other than interest and taxes, accrued at the date of the balance sheet, but not due until after that date, such as payments to be made to other corporations or to the United States under conditions of a license, rents, etc.

The utility's records should be kept in such manner as to permit a ready analysis of this account in order that the annual report may show, if required, each class of accrued liabilities included therein and the amount thereof.

241. Advances From Affiliated Companies.

This account shall include the par value of nonnegotiable notes due to affiliated companies, credit balances in open accounts with such companies other than credit balances in current accounts classable as current liabilities, and interest accrued on notes and open accounts included in this account when such interest is not subject to current settlement. Two companies are affiliated if either one controls the policy of the other, or if both are subject to the same control.

This account shall be divided as follows:

(*a*) *Notes*, including both time and demand notes.
(*b*) *Open accounts* not subject to current settlement.
(*c*) *Interest* accrued on amounts included in this account when not subject to current settlement.

Balances in open accounts with affiliated companies which are subject to current settlement, such as charges for materials and supplies currently furnished, charges for repairs to equipment, etc., shall be classed as current assets or current liabilities as may be appropriate. Negotiable notes due to affiliated companies shall not be included in this account, but in account No. 221, "Notes payable."

251. Depreciation Reserve.

To this account shall be credited such amounts as are charged to Operating expense account, "Depreciation expense," appropriated from surplus, or both, to cover the retirement loss represented by the excess of the original cost, plus cost of dismantling, over the salvage value of fixed capital retired from service.

(Oregon.) Credits to this account through charges to operating expense account shall be made only for such amounts as are determined to be equitably assignable to operations for the current accounting period, having due regard to the purpose of this account as set out in the second succeeding paragraph.

Surplus shall also be charged for such amounts as are determined to be assignable to other than the current accounting period.

When any fixed capital is retired from service, the original cost thereof (estimated if not known, and where estimated, the facts on which the estimate is based should be stated in the entry) should be credited to the proper fixed capital account and charged, plus the cost of retirement, less salvage to this account. If the credit balance in this account is insufficient to cover the retirement loss, the excess over the balance contained in the reserve may be charged to account No. 132, "Property abandoned."

The losses which this account is intended to cover are those incident to the important retirements of buildings, of large sections of continuous structures, like electric line, or of definitely identifiable units of plant or equipment, and the purpose of the account is that the burden of such losses may be as nearly as is practicable equalized from year to year, but with due regard for amount of earnings available for this purpose in each year. (See Operating expense account—Depreciation expense.)

(Oregon.) Unless otherwise authorized by the commission, a separate subaccount of the account 251-Or., "Depreciation reserve for Oregon," shall be carried for each utility unit in Oregon, which is operated separately and detached from other utility units, or which renders a different class of utility service.

Note A—When property is retired whose ledger value has been below original cost, only the remaining ledger value should be written off as retirement loss.

Note B—When any property is retired whose ledger value is greater than the known or estimated cost, such excess should be charged to Profit and Loss.

Note C—If any property is sold for more than its original cost, the excess of its selling price over the cost of the property plus the cost of dismantling and selling, shall be credited to this account.

Note D—If the accounting company has, previous to the effective date of this uniform classification of accounts, maintained a reserve under some other title for the purpose of equalizing retirement losses, the balance in such reserve, as at the effective date of this classification, shall be transferred to this account.

252. Casualty and Insurance Reserve.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account, in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in

whole or in part indemnifiable under any contract of insurance carried by the utility, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualty and insurance reserve." This account shall also include the amounts charged to operating expense account, "Insurance," to cover self-carried risks.

253. Unamortized Premium on Debt.

When long-term debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value (exclusive of accrued interest) is greater than the par value of such securities or other evidences of indebtedness, the excess of such cash value of the consideration received over the par value of the securities or other evidences of indebtedness shall be credited to this account. At regular accounting intervals thereafter a proper portion of such premium, based upon the life of the security or other evidence of indebtedness to maturity, shall be charged to this account and credited to account No. 434, "Amortization of premium on debt," in the income account.

254. Sinking Fund Reserves.

This account shall include the net balances in accounts to which are credited, in accordance with the requirements of mortgages and other contracts, or by action of the utility's directors, definite appropriations of income and surplus, whether held in general funds or specifically set aside in the hands of trustees, for the purpose of retiring or redeeming bonds or other obligations of the utility. It shall also include such accretions from the investment of funds specifically set aside for the above-described purpose as are required to be added to the reserve.

When the debt which the sinking fund is created to redeem matures and the fund has accomplished its purpose, the balance in the reserve relating to such debt shall be charged to this account and credited to profit and loss. If the mortgage or other obligation permits, the par value of bonds or other evidences of indebtedness issued or assumed by the utility which are reacquired through the operations of a sinking fund may be charged to this account and credited to profit and loss when and as such bonds or other evidences of indebtedness are reacquired.

255. Contributions for Extensions.

To this account shall be credited contributions in money or property made to the accounting company for the purpose of assuming the burden or any part of the burden represented by the investment necessary for the establishment or extension of services rendered by the company. This covers such items as contributions toward the cost of line extensions in sparsely settled territory made by consumers, either voluntarily or when reasonably required by the company as a condition of giving the desired service, and the cost of services to which the company has title, in so far as such cost is borne by the consumer; it also covers grants from municipal or other governmental bodies or contributions from chambers of commerce and similar organizations made with the object of establishing a new service in the community by assuming part of the investment cost of the enterprise.

Note.—(Oregon.) This does not include advances for the construction of extensions which have been, or will be, credited to revenues or which are ultimately to be repaid wholly or in part to the consumer; such advances should be credited to account No. 261.1, "Consumers' equity in extensions," which see page 30.

256. Contingency Reserve.

This account shall include such amounts as the accounting company sets aside to provide against unforseen contingencies.

257. Miscellaneous Reserves.

This account shall include the balahces in all reserves other than those provided for in the six preceding accounts.

Note.—If the accounting company maintains operating reserves for the purpose of equalizing expenses from month to month, such reserves shall be cleared annually unless there remains a credit balance due to the non-completion of maintenance work because of adverse labor conditions, non-receipt of material, or other similar reasons, in which case such part of the balance as is applicable to unfinished work may be carried over to the following year. Under no circumstances shall a debit balance be carried over the year.

261. Miscellaneous Unadjusted Credits (Oregon).

This account shall include the amount of credit balances in suspense accounts that can not be entirely cleared and disposed of until additional information is received. This account shall be subdivided as follows:

261.1. Consumers' Equity in Extensions—

(Oregon.) This account shall include such sums as have been advanced for construction of extensions, under terms which require repayment of such sums either wholly or in part to the consumer. When final determination has been made as to the amount of advances to be returned to the consumer, the balance, if any, shall be credited to account 255, "Contributions for extensions."

Note.—This account should be used for advances made under the "Rural extension rule" of the Commission.

261.2. Prepaid Revenues—

(Oregon.) When payment is made for service to be rendered in future months and the amount of the payment is included in "cash" or other asset account, but not in the revenue accounts, the proportion of the payment applicable to future months should be credited to this account. As the term expires for which the payment is made, the appropriate revenue account should be credited and this account debited with the amount applicable to the current month. (See text for account 615, "Other miscellaneous operating revenue.")

Note.—See rule 12 of "common" electric extension rule of the Commission.

261.3. Other Miscellaneous Credits—

(Oregon.) Include in this account all miscellaneous unadjusted credits not included in the two subaccounts next preceding.

270. Profit and Loss—Surplus.

Under this head shall be shown the credit balance, if any, in the profit and loss account. (See "Profit and loss account—General instructions and definitions," section 1, p. 66.)

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FIXED CAPITAL ACCOUNTS

GENERAL INSTRUCTIONS AND DEFINITIONS

Section 1. Fixed Capital Defined—By the fixed capital of a utility is meant the property, both tangible and intangible, which is devoted to the accomplishment of the principal purposes of the utility and which has an expectation of life in service of more than one year from date of installation in service.

Sec. 2. Tangible and Intangible Capital and Overhead Costs—(*a*) Tangible capital covers all physical property classed as fixed capital. Charges to specific accounts for tangible property cover direct labor and material costs up to and including the pay of the foreman or superintendent supervising the job; also such overhead expenditures for engineering, taxes during construction, etc., as can be allocated to definite items of property. Charges to overhead cost accounts, 351 to 356, inclusive, should cover only expenditures of this nature which pertain to the enterprise as a whole and can not be allocated to definite items of property.

(*b*) Intangible capital covers organization expenditures, and rights, privileges, and other property not physical, such as franchises or patent rights.

(*c*) So far as possible overhead costs should be assigned or apportioned to particular jobs or items to the end that each item shall bear its proper share of such cost, and that the entire cost of the item, both direct and overhead, shall be deducted from the fixed capital accounts at the time of its retirement. In some cases, however, certain overhead costs, such as engineering, interest, etc., when clearly pertaining to the entire enterprise, should not be apportioned, but should be charged to the appropriate fixed capital accounts designated in paragraph (*a*) of this section.

(*d*) These instructions should not be interpreted as permitting the addition to fixed capital accounts of arbitrary percentages to cover assumed overhead costs, but only as requiring the assignment or apportionment to particular accounts for tangible property of actual and necessary overhead expenditures.

Sec. 3. Fixed Capital to Be Entered and Retained on Books at Cost—All charges to fixed capital accounts shall be at the actual cost of the property acquired, at the time of its acquisition. A *bona fide* contract or agreement of purchase and sale between entirely separate parties shall be *prima facie* evidence of actual cost. Each item of property shall be carried in the fixed capital accounts at no more, and no less, than its actual cost unless, or until, such property is abandoned, replaced, reconstructed, or converted, when the accounting shall be as hereinafter set forth. The foregoing shall not, however, be interpreted to forbid the inclusion in account No. 357, "Fixed capital not classified by prescribed accounts," of undistributed book values which have been carried prior to the effective date of a prescribed uniform system of accounts, and which may or may not represent the actual cost of property in service; but the inclusion of such undistributed book values in fixed capital accounts shall be without prejudice to any future determination of the actual cost of the property. The term "cost" includes not only the cost of labor, material, and supplies directly employed or consumed in the construction and installation of fixed capital, but also the cost of preliminary plans and sur-

veys and such portion of the expenses for engineering and plant supervision and of general expenses as may be chargeable to the fixed capital accounts under an equitable plan for apportionment of such expenses.

Sec. 4. First Entries Must Enable Identification—Every debit or credit to a fixed capital or other investment account must be made in such wise as to be readily identified with the particular item of property to which it relates. For each item (or project) of fixed capital or other investment the records shall show the date of the entry, the date of acquisition or installation, the date when placed in service, the actual money cost, and the description thereof with such particularity as to make possible the location and identification thereof (including in case the item is movable, the name of the manufacturer and the identifying mark or number, if any, imprinted thereon, and such other particulars as may be necessary for identification). Where two or more items are acquired under a single undivided contract, the entry in respect of each shall refer to the others and shall state the entire consideration, and shall also state the portion thereof fairly applicable to the particular item covered by the entry. When any item of capital is withdrawn from service, the date of withdrawal shall be included in the withdrawal entry relating to such item.

Note A—In the case of continuous structures like electric lines, gas mains, etc., the record shall be itemized to the extent that no item shall contain more than one operating division or section or more than one type of construction. The entry for any item shall so specify the location and the principal physical characteristics (such as size, weight, type, etc.) of the chief constituent parts of the item that identification may be assured.

Note B—The date when an item of fixed capital is placed in service may, if preferred, be kept in the engineering records.

Sec. 5. Application of Classification—The accounts in this classification shall include all expenditures for fixed capital regardless of the way in which the funds for the construction or acquisition have been provided. Such expenditures shall not be charged to operating expense, income, surplus, or to special funds in such manner as to exclude from the property accounts any expenditure for fixed capital.

These accounts shall also include the necessary credits to represent the cost originally charged to them of property or equipment abandoned, destroyed, sold, or otherwise retired from service. Wherever the term *original cost* is referred to in this classification, and such cost can not be ascertained; an estimate of the original cost shall be used.

Sec. 6. Salvage and Insurance—Salvage, as the term is employed in this classification, means the value to the accounting company, based upon a fair market price, of equipment or other material recovered in the process of repairing, replacing, or abandoning plant and equipment; or the net amount received from its sale if the material is not retained by the accounting company. Salvage recovered in connection with a replacement or abandonment involving a deduction from fixed capital accounts shall be credited against the account to which the retirement loss is chargeable. Salvage recovered in connection with maintenance expenses not involving deductions from fixed capital accounts shall, so far as practicable, be credited to the appropriate maintenance accounts. Insurance recovered on property damaged or destroyed shall be treated in the same manner as salvage.

Sec. 7. Withdrawals or Retirements—To the end that the capital accounts shall at all times disclose the *cost* of all property in service, the cost of retired capital, *whether replaced or not*, must be deducted from (i. e., credited to)

the account or accounts in this classification to which such cost is chargeable. Every utility should therefore take such measures and establish such procedure as will insure strict compliance with these requirements. When anything is worn out, lost, sold, destroyed, abandoned, surrendered upon lapse of title, becomes permanently unserviceable or is withdrawn or retired from service for any other reason, the amount at which such thing stood charged in the capital account shall be credited to the appropriate capital account, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing retired. If there is no such original entry, that fact shall be stated in connection with the credit entry. If the amount originally charged (i. e., the ledger value) is not separately recorded, it shall be taken to be the proportionate share of said property in the value of the entire group in which the property is included. The entry shall state the fact of such estimation.

Credits for original cost of property retired should include such part of the overhead cost as is equitably assignable to the item retired.

(Oregon.) When the cost of retired property is credited in the appropriate fixed capital accounts, it shall be concurrently charged plus the cost of retirement (less any salvage or insurance that there may be on the retired property) to account No. 251, "Depreciation reserve," to the extent that the total balance in the reserve is sufficient to cover such loss; the remainder, if any, representing such part of the loss due to the retirement as has not been provided for in advance by the accumulation of a depreciation reserve, may be charged (when so authorized by the Commission) to suspense account No. 132, "Property abandoned," in accordance with the provisions of the foregoing paragraph. When any replacement takes the form of reconstructing or converting existing property in such a way that the cost of the entire project cannot be accurately assigned as between the cost of putting in the new property, and the cost of taking out the old, no greater proportion of the cost of the project shall be charged to fixed capital accounts than would equal the cost of new plant or equipment having equivalent capacity and expectation of serviceable life. Such part of the cost of a reconstruction project as is not chargeable to fixed capital shall be considered a retirement loss and charged to the "Depreciation reserve" or to "Property abandoned," as already provided.

The foregoing instructions do not apply to the retirement of those minor parts, the charges for replacing which are made directly to maintenance expense accounts.

Note A—The foregoing rule shall not be applied to capital *temporarily* out of service.

Note B—If a receiever or other person temporarily in charge of a corporation's property is not in possession of the corporate records, he should open on his books two accounts, one of which should be credited with the original cost (estimated if not known) of fixed capital retired or permanently withdrawn from service from whatever cause, and the other of which should be charged with such cost, plus cost of dismantling, less salvage. The first account may be entitled "Cost of Fixed Capital Retired During the Period ..... to ....." and the second may be entitled "Loss on Fixed Capital Retired During the Period ..... to ....."

Sec. 8. Improvements on Leased Property— (*a*) The cost of additions to and betterments of leased property shall be charged to a subaccount under the appropriate fixed capital account, and depreciation or retirement losses in connection therewith treated in the same manner as those on property owned. In case the full benefit of improvements will not be obtained by the lessee because of reversion to the lessor at the expiration of the lease, the

cost of improvements may be charged to suspense and cleared by uniform charges to rent deductions within the period of the lease. Ordinary current repairs, including minor rearrangements and changes in connection with leased buildings, should be charged to the appropriate maintenance account. Expenditures charged to lessors or for which lessors are required under the lease-hold agreement to reimburse the lessee prior to the termination of the lease should not be charged to the fixed capital accounts of the lessee.

Sec. 9. Salvage from Equipment, Tools, Etc.—When the cost of any work equipment, machinery, tools, or materials and supplies obtained for use in construction work has been charged to accounts in this classification and the entire value thereof has not been consumed in the work, the residual value of such work equipment, machinery, tools, or materials and supplies shall be credited upon the completion of the work to the accounts to which originally charged, and concurrently charged to the material and supply account or other appropriate accounts.

Sec. 10. Sub-accounts for Departmental Capital—The fixed capital accounts should be so subdivided as to distinguish clearly between general capital and departmental capital. Sub-accounts for departmental capital should be so entitled and constructed as to enable the corporation to report in the detail indicated in the following classification the fixed capital devoted to each particular department or jointly to any specific group of departments.

Sec. 11. Identification of Items and Preservation of Records (Oregon)—The entries containing debits or credits to fixed capital accounts shall be dated and numbered and shall be prepared in such manner and form and shall contain such details as will permit ready identification of the items in the accounts with the particular property to which the item relates. Such entries, as well as all other records pertaining directly or indirectly to fixed capital accounts, shall be carefully and permanently preserved where they will be readily accessible for examination or inspection. For each unit, section, or group of fixed capital the records shall show the date of the entry, the date of acquisition or installation, the date when placed in service, the actual money cost, and the description thereof with such particularity as to permit the location and identification thereof (including, in case of movable units or parts, the name of the manufacturer and the identifying mark or number, if any, imprinted thereon, and such other particulars as may be necessary for identification). Where two or more items are acquired under a single undivided contract, the entry in respect of each shall refer to the others and shall state the entire consideration, and shall also state the portion thereof fairly applicable to the particular item covered by the entry. When any item of capital is withdrawn from service, the date of withdrawal, the name, and page of book or other records of the original entry of cost of the unit retired shall be included in the withdrawal entry relating to such item.

Note A—In the case of continuous structures like electric lines, etc., the record shall be itemized to the extent that no item shall contain more than one operating division or section or more than one type of construction. The entry for any item shall so specify the location and the principal physical characteristics (such as size, weight, type, etc.) of the chief constituent parts of the item that identification may be assured.

Note B—The date when an item of fixed capital is placed in service may, if preferred, be kept in the engineering records.

TEXT PERTAINING TO FIXED CAPITAL ACCOUNTS

Note A—If the utility operates two or more generating stations, separate subaccounts should, so far as practicable, be maintained for the land, structures, and equipment pertaining to each such station. So far as practicable, similar subaccounts should be maintained for each substation.

Note B (Oregon.)—If the requirement hereinafter made for subdivisions to fixed capital accounts shall be made in so far as practicable in each case. Allocation to sub-accounts of fixed capital involving amounts of less than $100 may be arbitrarily made by assignment to the sub-account requiring the major use of the item.

I. INTANGIBLE FIXED CAPITAL

301. Organization.

Include in this account all fees paid to governments for the privilege of incorporation and all office and other expenditures incident to organizing the corporation or other enterprise and putting it in readiness to do business. This covers cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock, cash fees paid to promoters and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, special counsel fees; cost of preparing and issuing certificates of stock, and cost of procuring certificates of necessity from state authorities and other like costs; also costs incident to preparing and filing certificates of authorization of increase of capital stock and to the negotiation and issue of stock thereunder, and of preparing and filing certificates of amendment of articles of incorporation. This account should not include any discount on stocks or other securities issued, nor should it include any costs incident to negotiating loans or selling bonds or other evidences of indebtedness.

Note A—Cost of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization should be charged to account No. 781.26, "Law expenses," or, by companies in "Class C" or "Class D," to the account of which "Law expenses" is a subdivision.

302. Franchises.

This account shall include amounts actually paid to a state or to a political subdivision thereof in consideration of franchises running in perpetuity or for a specified term of more than one year and necessary to the conduct of the utility operations. If any such franchise is acquired by a mesne assignment, the charge to this account in respect thereof should not exceed the amount actually paid therefor by the utility to the assignor, nor should it exceed the amount specified above. Any excess of the amount actually paid by the utility over the amount above specified should be charged to account 303, "Miscellaneous intangible capital."

(Oregon.) This account shall be divided as follows:

(*a*) Perpetual franchises.

(*b*) Limited term franchises.

Note—Annual or more frequent assessments in respect to franchises must not be charged to this account but to the appropriate tax account.

303. Miscellaneous Intangible Capital.

Include in this account the cost of patent rights, licenses, privileges, and other intangible property not elsewhere provided for and all other fixed capital charges which are not specifically assignable to some other account in this classification.

Note—When any utility reclassifies, according to this classification, the book accounts representing its investment in plant and equipment, any remainder of the original total book value over the amount determined as properly chargeable to other prescribed accounts (including profit and loss or reserve accounts in cases where it is found that part of the original total book value is properly chargeable to such accounts) may be charged to "Miscellaneous intangible capital."

(Oregon.) When such a reclassification is undertaken by the utility, and has not been passed upon by the commission, acceptance by the commission of reports showing the revised balances shall not commit it to the approval of the amounts thus set up. (See account 357, "Fixed capital not classified by prescribed accounts," p. 54.)

II. TANGIBLE FIXED CAPITAL

311. Land.

(*a*) This account shall include the cost of all land devoted to electrical operations.

(*b*) This includes land for generating stations, substations, office buildings, service buildings, warehouses, garages, for storage purposes, or for any other purpose in connection with electric operations, rights of way for transmission or distribution lines and for canals and pipe lines, water rights, and rights of pondage, flowage, and submersion, and land for wharves and docks, and the cost of riparian or water rights necessary therefor, where such rights have lives in excess of one year from the date when placed in service: Such cost includes, when assumed or paid by the utility in its own behalf, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commission or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired; cost of obtaining consent and payments for abutting damages; also the first cost of acquiring leaseholds of land for rights of way with a life of more than one year (but not including the rents paid periodically in consideration of rights obtained under such leases), the cost of locating rights of way and the initial cost of clearing timber, brush, etc., therefrom.

(*c*) The several land accounts should also include special assessments levied by public authorities on the basis of benefits for streets and other public improvements, such as new roads, new bridges, new sewers, new pavements, new curbing, etc., but not any taxes levied to provide for maintenance of such improvements.

(*d*) The cost of buildings and other improvements should not be included in the "Land" account. If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the utility to its electric operations, and the contract of acquisition does not determine the price of such improvements, they should be appraised at their fair cash value for use in such operations, and such appraised value should be charged to the appropriate structures account, and excluded from the land account. If such improvements are not devoted to electric operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of

acquisition) should be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the cost of removing or wrecking them, including injuries or damages in connection therewith, should be charged and the salvage credited to the appropriate land account.

(*e*) Net proceeds from the sale of timber, cordwood, or other property purchased with rights of way or other lands should be credited to this account.

(*f*) This account shall be subdivided as follows, and, so far as practicable, records of the cost of land devoted to electric operations should be kept in the detail indicated. Where pole lines carry both transmission and distribution conductors, right-of-way shall be classed as "Transmission system land." Land used both for general offices and departmental purposes may be classed as "Miscellaneous." When the general office is in the power plant, the land shall be considered power plant land. Riparian or water rights shall be considered hydro-electric power plant land.

(a) Steam power plant land.
(b) Hydro-electric power plant land.
(c) Gas power plant land.
(d) Transmission system land.
(e) Distribution system land.
(f) General office land.
(g) Miscellaneous land devoted to electric operations.
(g-1) Stores department land.
(g-2) General shops land.
(g-3) Transportation department land.
(g-4) Communication system land.
(g-5) Miscellaneous land.

312. Structures.

(*a*) (Oregon.) The cost of all structures devoted to the utility's operations shall be charged to the appropriate subaccount, designated below.

(*b*) This account shall include the cost of all permanent buildings and structures to house, support, or safeguard property or persons, with all appurtenant fixtures, improvements to land, and other constructions.

(*c*) Buildings include all fixtures attached to and forming a permanent part thereof, such as water pipes and fixtures, steam pipes and fixtures for heating and ventilating; gas pipes and fixtures for lighting, etc.; electric wiring and fixtures for lighting, signaling, etc.; elevators, cranes and hoists and the motive power for operating them; building refrigerating systems and furnaces, boilers, etc., specially provided for such systems; storage batteries and electric generators with their prime movers specially provided for building service; conduits, including cable conduits which form a part of the building, but not including conduits which would be removed with their contents; and subways or areaways directly connected to and forming a part of the building. This includes cost of excavations, brick or concrete chimneys and such piers and foundations for machinery and apparatus as are designed to be as permanent as the buildings and independent of their use in connection with any particular units of equipment; also the cost of architects' plans of superintendence of construction.

(*d*) Improvements to land include roadways, fences, sidewalks, sewer systems, water systems, yard lighting systems, grading and landscape gardening, docks, and water-front improvements, railroad tracks, tramways and trestles, canals, bench marks, monuments, and any other permanent structures which are an improvement to the property. Roadways, trails, bridges, tramways and other construction used in hydroelectric production of electricity which are not adjacent to the generating plant proper should be charged to account 319, "Roads, trails, and bridges."

(*e*) (Oregon.) Certain minor buildings and structures, such as valve towers, patrolmen's towers, telephone stations, etc., which are used directly in connection with or form a part of a reservoir, dam, waterway, etc., should be considered as a part of the facility in connection with which constructed or operated and the cost thereof accounted for accordingly.

(*f*) When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a building and operating the equipment therein, the entire cost of such furnaces and boilers should be charged to the appropriate departmental equipment account and no part to the structures account.

(*g*) The cost of specially provided foundations, not expected to outlast the machinery or apparatus mounted thereon, should be charged to the same account as is the cost of the machinery or apparatus for which they are provided. If constructed with the building and as a part thereof the foundations should be included as a part of the building.

(*h*) The structures accounts should not include any charges for lighting, heating, or other fixtures temporarily attached for purposes of display or demonstration.

(*i*) Where the structure of a dam forms also the foundation of the power plant buildings, such foundation should be considered a part of the dam. When the general office is in the power plant, the building shall be considered a power plant structure.

(*j*) This account shall be subdivided as follows and so far as practicable records of the cost of structures devoted to electric operations should be kept in the detail indicated. Structures used both for general offices and departmental purposes may be classed as "Miscellaneous." When the system for supplying boiler or condenser water is elaborate, as when it includes a dam, reservoir, canal and pipe line, the cost should be charged to a special subaccount entitled "Water supply structures—Steam."

(a) Steam power plant structures.
(b) Hydro-electric power plant structures.
(c) Gas power plant structures.
(d) Transmission system structures.
(e) Distribution system structures.
(f) General office structures.
(g) Miscellaneous structures devoted to electric operations.
(g-1) Stores department structures.
(g-2) General shop structures.
(g-3) Transportation department structures.
(g-4) Communication system structures.
(g-5) Miscellaneous structures.

GENERATING PLANT—STEAM

313. Boiler Plant Equipment.

Include in this account the cost installed of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in generating electric energy. This covers boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and setting of such boilers and appurtenances when not constructed as a part of the building in which housed; also metal smokestacks. It also covers mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot-water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, reservoirs for boiler or condenser water, and intake and discharge water pipes and pipe lines and tunnels, air pipes and general service pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine or to the gas producers, exhaust pipes, etc. This account shall not include steam pipes whose primary purpose is the heating of buildings.

Note.—When the system for supplying boiler or condenser water is elaborate, as when it includes a dam, reservoir, canal, and pipe line, or where gas or oil is used as a fuel for producing steam and is supplied through a pipe-line system owned by the utility the cost of such special facilities should not be charged to this account but to a special subaccount under account 312, "Structures," entitled "Water supply structures—steam."

314. Prime Movers and Auxiliaries—Steam.

This account shall include the cost of all steam engines, whether reciprocating or rotary. This covers the specially provided foundations and settings of such engines when not constructed as a part of the structure in which housed. The engine includes the throttle or inlet valve and the governor; also condensors, cooling towers, air and circulating pumps and lubricating systems, but not the steam pipe leading from the boiler, nor exhaust pipe.

Note A.—When the electric rotor is mounted (not coupled) on the engine shaft the shaft is a part of the steam engine and the electric rotor a part of the electrical equipment.

Note B.—This account does not include steam turbo-generator units, the cost of which shall be chargeable to the next following account.

315. Turbo-Generator Units—Steam.

There shall be included in this account the cost installed of steam-driven turbo-generator units when the generator and prime mover are purchased as a unit and not separately and the separate cost of the prime mover and of the generator is not known. This covers specially provided foundations when not constructed as a part of the structure in which the units are housed; also condensers, air and circulating systems, etc., but not the steam pipe leading from the boiler nor the exhaust pipe.

316. Electric Plant—Steam (Oregon).

This account shall include the cost installed of all electric-generating apparatus, motor-driven exciter sets, and other electric auxiliary equipment used primarily in connection with the generation of electric energy by steam power and not for changing it in voltage or frequency for the purpose of transmitting or distributing it more effectively. This covers the specially provided foundations and settings when not constructed as a part of the building in which housed; switchboards, circuit breakers, switches, instruments, conductors and other electrical apparatus connected thereto; and generator-cooling and air-washing apparatus, including blowers and ducts.

The cost of equipment used for transmission or distribution purposes and located in the power house building should not be included in this account but in account 328 A, "Transmission substation equipment," or account 328B, "Distribution substation equipment."

Note A.—When the electric roter is mounted (not coupled) on the shaft of the prime mover the rotor is to be included herein, but not the shaft. Belts, countershafts, and other appliances intermediary between such prime movers and generators are to be excluded herefrom and charged to account No. 317, "Miscellaneous power plant equipment—Steam."

Note B.—This account does not include steam turbo-generator units, the cost of which shall be chargeable to the next preceding account.

317. Miscellaneous Power Plant Equipment—Steam.

This account shall include the cost of all miscellaneous steam plant equipment not includible in any of the foregoing accounts, such as belts, pulleys, hangers, countershafts and other apparatus intermediary between the prime mover and the electric generator, machine tools, cars, locomotives and locomotive cranes for general plant purposes, etc.

GENERATING PLANT—HYDRO-ELECTRIC

318. Reservoirs, Dams, and Waterways.

This account shall include the cost of all dams and appurtenant structures for reservoirs and forebays devoted to the collection, storage and regulation of water primarily for hydro-electric production. This covers the cost of clearing and preparing the land; also of all gates, raising and lowering apparatus, wasteways, spillways, fish-ladders, and all buildings and structures required in the operation and maintenance of dams, reservoirs and forebays; locks and equipment for handling navigation; the cost of construction, including the clearing and preparation of land, of all diversion dams, ditches, flumes and tunnels with their gates, operating mechanisms, spillways, fish-ladders and other appurtenances and the cost of all buildings and structures used in their operation and maintenance; also the cost of acquisition or construction of all penstocks or pipe-lines in place, with their appurtenant structures and accessories for delivering water from the forebays to water-wheels, and from draft-tubes to tail-race, including connections at forebays.

Nozzles and valves at water-wheels should be charged to account No. 320, "Water turbines and water-wheels."

Note A.—Where the structure of a dam forms also the foundation of the power plant buildings, this structure should be considered a part of the dam.

Note B.—In case the accounting company wishes to subdivide this account the following sub-accounts are suggested.

(a) Reservoirs, dams and intakes.
(b) Navigation facilities.
(c) Waterways
(d) Forebays, penstocks and tailraces.

319. Roads, Trails, and Bridges.

Charge to this account the cost of permanent roads, trails, bridges, tramways, and railways used primarily in the hydraulic production of electricity which are not immediately adjacent to the generating plant proper but which are connected with the operation of distant reservoirs, flumes, etc.

Note.—It is the intention that this account shall include the cost of only such private roads, etc., as is necessary to maintain and use in the operation and maintenance of the hydraulic power plant. The cost of roads, railways, bridges, etc., necessary for construction but abandoned upon completion of the plant, as also the cost of such facilities dedicated to public use and maintained at public expense, should be distributed among other appropriate fixed capital accounts.

(Oregon.) Where an extensive expenditure has been made for a railway built primarily as an aid in the construction of hydro-electric plants, and such railway is not then abandoned, the expenditures for such railway shall be classified, and the accounts shall be kept in accordance with the Interstate Commerce Commission's classification for railways as adopted by this commission. That portion of the total cost of such railways as is considered by the accounting company to be equitably assignable to the cost of construction of operating hydro-electric plants, shall be included in the following subaccount:

319-R. Construction Railway (Oregon).

After final determination by the commission fixing the amount to be assigned to the electric fixed capital (i. e., the proper amount to be included in this account), such amount, or in case of sale or abandonment the balance in this account, shall be then distributed to the other electrical fixed capital accounts as the transportation overhead cost thereof.

Note—Should such railway be later converted to a common carrier by the accounting company, the amount charged as construction cost assignable to electric fixed capital would become a credit to the cost of such common carrier.

320. Water Turbines and Water Wheels.

This account shall include the cost installed of all turbines and water wheels devoted to the generation of electric energy their special foundations and settings when not constructed as a part of the structure in which housed, governors, valves, and all apparatus appurtenant thereto, from connection with penstocks to tailraces.

Note A.—When the electric rotor is mounted (not coupled) on the shaft of the prime mover the shaft is a part of the prime mover and the electric rotor a part of the electrical equipment.

Note B.—This account does not include hydraulic turbo-generator units, the cost of which shall be chargeable to the next succeeding account.

321. Turbo-Generator Units—Hydro.

This account shall include the cost installed of hydraulic turbine-driven generator units when the generator and prime mover are purchased as a unit and not separately. This covers specially provided foundations and settings of such units; also air and circulating pumps, lubricating systems, valves, governors and draft-tubes.

322. Electric Plant—Hydro (Oregon).

This account shall include the cost installed of all electric generating apparatus, motor-driven exciter sets, and other electric auxiliary equipment used primarily in connection with the generation of electric energy by hydraulic power and not for changing it in voltage or frequency for the purpose of transmitting or distributing it more effectively. This covers the specially provided foundations and settings when not constructed as a part of the building in which housed; switchboards circuit breakers, switches, instruments, conductors, and other electrical apparatus connected thereto; and generator-cooling and air-washing apparatus, including blowers and ducts.

The cost of equipment used for transmission or distribution purposes and located in the power-house building should not be included in this account, but in account 328A, "Transmission substation equipment," or account 328B, "Distribution substation equipment."

Note A.—When the electric rotor is mounted (not coupled) on the shaft of the prime mover the rotor is to be included herein, but not the shaft. Belts, countershafts, and other appliances intermediary between such prime movers and generators are to be excluded therefrom and charged to account No. 323, "Miscellaneous power plant equipment—Hydro."

Note B.—This account does not include turbo-generator units, the cost of which shall be chargeable to the next preceding account.

323. Miscellaneous Power Plant Equipment—Hydro.

This account shall include the cost of all miscellaneous hydro-electric power plant equipment not includible in any of the foregoing accounts, such as belts, pulleys, hangers, countershafts and other apparatus intermediary between the prime mover and the electric generator, machine tools, etc.

GENERATING PLANT—GAS

324. Fuel Holders, Producers, and Accessories.

Include in this account the cost installed of producers and accessories devoted to the production of gas for use in generating electric energy, including the cost of specially provided foundations and settings of such producers and accessories when not constructed as a part of the building in which housed. This includes producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhauster outfits, seals, specially provided boilers and pumps, flues and piping, blower engines, pipes for the conduction of gas from such producers to holders, and to gas engines; holders for producer gas, exhaust pipes from gas engines, etc. It does not include pipes whose primary purpose is the heating of buildings, nor does it include power transmission apparatus, or water pipes, steam pipes, water pumps, or inspirators.

Include also in this account the cost of storage tanks for oil, gasoline, etc., used as fuel for internal combustion engines, and the cost of facilities and apparatus similar to that designated above which is necessary in the delivery of the fuel to the engine.

325. Internal-Combustion Engines.

This account shall include the cost installed of all gas engines, Diesel engines, oil engines, and other internal-combustion engines devoted to the production of electric energy, including the specially provided foundations and settings when not constructed as part of the structure in which the equipment is housed. The engine includes the inlet valve, governor, and ignition and starting apparatus, and also such devices as antifluctuators or gas bags and mufflers. It does not include the pipe leading from the fuel container, nor the exhaust pipe in case of gas-producer engines. Such pipe is chargeable to account 324, "Fuel holders, producers, and accessories."

Note.—When the electric rotor is mounted (not coupled) on the shaft of the prime mover, the shaft is a part of the prime mover and the electric rotor a part of the electric equipment.

326. Electric Plant—Gas (Oregon).

This account shall include the cost installed of all electric generating apparatus; motor-driven exciter sets, and other electric auxiliary equipment used primarily in connection with the generation of electric energy by power from gas or other internal-combustion engines and not for changing it in voltage or frequency for the purpose of transmitting or distributing it more effectively. This covers the specially provided foundations and settings when not constructed as a part of the building in which the equipment is housed; switchboards, circuit breakers, switches, instruments, conductors, and other electrical apparatus connected thereto; and generator-cooling and air-washing apparatus, including blowers and ducts.

The cost of equipment used for transmission or distribution purposes and located in the power-house building should not be included in this account, but in account 328a, "Transmission substation equipment," or account 328b, "Distribution substation equipment."

Note.—When the electric rotor is mounted (not coupled) on the shaft of the prime mover the rotor is to be included herein, but not the shaft. Belts, countershafts, and other appliances, intermediary between such prime movers and generators, are to be excluded herefrom and charged to account 327, "Miscellaneous power plant equipment—gas."

327. Miscellaneous Power Plant Equipment—Gas.

This account shall include the cost of all miscellaneous gas power-plant equipment not includible in any of the foregoing accounts, such as belts, pulleys, hangers, countershafts and other apparatus intermediary between the prime mover and the electric generator, machine tools, etc.

TRANSMISSION AND DISTRIBUTION

328. Sub-Station Equipment.

This account shall include the cost installed, whether in a generating station or substation, of transformers, rotary converters, motor generators, regulators, switchboards and connecting equipment, etc., used primarily for changing electric energy in voltage or frequency for the purpose of transmitting or distributing it more efficiently. This also covers outdoor substations complete, including foundations, fences, supporting framework, etc.; substation equipment installed on consumer's premises; and other conversion equipment.

So far as practicable, separate subaccounts shall be maintained for each station.

This account does not include line transformers installed for stepping down current from transmission or distribution voltages to the voltage at which it is used by the consumer.

This account does not include storage batteries nor laboratory instruments and apparatus and other equipment coming within the scope of account No. 344, "General equipment." Office equipment and furniture permanently assigned to substations should be included in "General equipment," but in a special subaccount for each substation.

(Oregon.) This account shall be subdivided by the accounting company under the following captions:

a. Transmission sub-station equipment.
b. Distribution sub-station equipment.

Note A.—The requirement next above is an option in Note A in the national classification.

Note B.—Separate sub-accounts may be set up to cover the cost of conversion equipment installed solely in connection with transmission lines, that is, high voltage lines used for transmitting power between stations or between points of generation or purchase and points of transformation and distribution, but not used to any considerable extent for carrying power to points of consumption.

Note C.—If the accounting company has installed one or more transformers at a point where current is taken off its transmission line by a large power consumer, and such transformers are used to step down the current voltage, at which it is carried on the accounting company's transmission line to a voltage at which it is delivered to such consumer to be by him in turn transformed or converted for distribution within his own plant, the cost of such transformers is chargeable to this account.

329. Storage Battery Equipment.

This account shall include the cost of storage battery installations complete, including elements, tanks, tank insulators, battery room connections,

and copper work, and cell switches; motor generator sets used primarily for battery charging, miscellaneous small pumps, ventilating fans, water stills, battery-room instruments and other storage battery accessories. This account also includes the battery room flooring if specially constructed and separable from the main structure with respect to costs. It does not include switchboard panels for batteries unless such panels are separate from the main switchboard and used exclusively for battery control.

330. Underground Conduits.

This account shall include the cost of all conduits and tunnels required for underground wires and cables, including manholes, ducts and pipe, sewer connections, sewer traps and all material necessary for the completion of the underground conduit system devoted to the protection of the transmission and distribution systems.

(Oregon.) This account shall be subdivided by the accounting company under the following captions:

a. Transmission underground conduits.
b. Distribution underground conduits.

331. Poles, Towers, and Fixtures.

This account shall include the cost of towers, transformer platforms and structures for supporting other line devices, poles, crossarms and insulator pins; braces, brackets and other pole fixtures; guys and other supports for holding the towers, structures and poles in position, and all labor expended in connect with the construction of pole lines or tower lines for carrying the transmission and distribution systems.

(Oregon.) Separate sub-accounts shall be set up to cover the cost of towers, poles, and fixtures carrying transmission lines, that is, high voltage lines used for transmitting power between stations or between points of generation or purchase and points of transformation and distribution, but not used to any considerable extent for carrying power to points of consumption. Such sub-accounts shall be entitled:

a. Transmission poles, towers, and fixtures.
b. Distribution poles, towers, and fixtures.

Note.—The cost of ornamental street lighting poles and fixtures should not be charged to this account but to account No. 342, "Street lighting equipment."

332. Overhead Conductors.

This account shall include the cost installed of all overhead conductors and feeders (except services). This covers all cables, wires, insulators and insulating material used in overhead systems; also ground wires, lightning arresters, pole top switches and other line devices.

(Oregon.) Separate sub-accounts shall be set up to cover the cost of conductors used in transmission lines, that is, high voltage lines used for transmitting power between stations or between points of generation or purchase and points of transformation and distribution, but not used to any considerable extent for carrying power to points of consumption. Sub-accounts shall be entitled:

a. Transmission overhead conductors.
b. Distribution overhead conductors.

333. Underground Conductors.

This account shall include the cost installed of all underground conductors and feeders (except services). This covers the cost of all cables, wires, insulators and insulating material used in underground systems.

(Oregon.) Separate sub-accounts shall be set up to cover the cost of conductors used in transmission lines, that is, high voltage lines used for transmitting power between stations or between points of generation or purchase and points of transformation and distribution, but not used to any considerable extent for carrying power to points of consumption. Sub-accounts shall be entitled:

a. Transmission underground conductors.
b. Distribution underground conductors.

334. Transmission Roads and Trails.

Include in this account the cost of permanent roads, trails, and bridges used primarily in connection with the operation and maintenance of the transmission system whether located on the transmission line right of way or elsewhere.

Note.—It is the intention that this account shall include the cost of only such private roads, etc., as it is necessary to maintain and use in the operation and maintenance of the transmission system. The cost of roads, railways, bridges, etc., necessary for construction but abandoned upon completion of the plant, as also the cost of such facilities dedicated to public use and maintained at public expense, should be distributed among other appropriate fixed capital accounts.

335. Services.

Include in this account the cost installed of all conductors, insulators, ducts, supports, etc., leading from last pole of overhead system or from point where wires leave underground system to point of connection with house wiring. It shall also include the cost of meter-protection devices, such as inclosing meter boxes designed to prevent tampering with the meter or the meter connections.

Note.—All conduits, poles, wires, etc., from distributing mains to the point designated above will be considered a part of the distribution system and their cost shall be charged to the appropriate accounts preceding.

336. Line Transformers and Devices.

This account shall include the cost of all line transformers (both overhead and underground), pole line lightning arresters, transformer cut-out boxes, line cut-out switches, etc. It may be subdivided to show separately the investment in transformers and in other devices.

Note A.—This account does not include the labor cost of installing transformers, which is provided for in the following account.

Note B.—This account may, if desired, include the cost of all transformers whether carried in stock or actually in service, provided designation of the accounts on the ledger and in regulatory reports indicates the practice of the accounting company, as, for example, by the addition of the phrase "(includes line transformers in stock)."

337. Line Transformer Installation.

This account shall include the cost of labor and incidental expenses required for the original installation of line transformers. When any line transformer service is permanently discontinued, this account shall be credited with an amount representing the average installation cost of a line transformer.

338. Consumers' Meters.

This account shall include the cost of all meters, current-limiting devices and appurtenances used or to be used in measuring or determining electric energy delivered to consumers. This covers, in addition to cost of meters to point of delivery on the accounting company's premises, such incidentals as the cost of meter badges and their attachment to the meters, testing and storing new meters and the first set of meter fittings, connections and shelves.

Note A.—This account does not include the cost of the corporation's meters which record the output of the station. Such cost shall be charged to the appropriate power plant electrical equipment account.

Note B.—The cost of setting, removing, or resetting consumers' meters shall not be charged to this account.

Note C.—This account may, if desired, include the cost of all meters whether carried in stock or actually in service, provided the designation of the account on the ledger and regulatory reports indicates the practice of the accounting company, as, for example, by the addition of the phrase "(includes meters in stock)."

339. Meter Installation.

This account shall include the cost of the first setting of meters for determining the amount of electric energy delivered upon the premises of consumers. When any meter service is permanently discontinued, this account shall be credited with an amount representing the average installation cost of a consumer's meter.

Note.—Cost of removing consumers' meters and of setting other meters substituted for them shall not be charged to this account, but to account No. 731, "Distribution operation and maintenance," or the appropriate subdivision thereof.

CONSUMERS' INSTALLATIONS

340. Installations on Consumers' Premises.

This account shall include the cost installed of all equipment on consumers' premises, such at motor generator sets, motors and switch panels which are installed upon consumers' premises under contract. This shall not include property of the kinds designated herein ordinarily designated as substation equipment. (See account 328, "Substation equipment," or account 343, "Electric appliances.")

341. Commercial Lamps.

This account shall include the cost to the accounting company of all commercial lamps loaned or rented to consumers, and the cost of the first installation thereof, in case it is the policy of the company to capitalize such costs; otherwise the cost should be charged to the appropriate operating expense account.

342. Street-Lighting Equipment.

Include in this account the cost to the utility of all lighting equipment operated and maintained under contracts for public lighting entered into with municipalities. This will include public arc and incandescent lamps and their suspension devices; ornamental lamp posts and fixtures for public lamps, including the lamps; and all special substation equipment and conductors used solely for street-lighting service. This account does not include the poles and fixtures supporting the conductors, but the cost of poles specially provided for street-lighting service should be included herein.

If the utility has an investment in street-lighting equipment operated and maintained under a contract with a public body or organization other than a municipality, such equipment shall be included in this account under a subhead.

343. Electric Appliances.

Include in this account the cost to the utility of electric motors, heaters, etc., leased or held for lease to consumers (including municipal corporations), but not of those held for sale.

Note.—The cost of setting and connecting such appliances on the premises of consumers and the cost of resetting or removal should not be charged to this account, but to operating expense accounts.

GENERAL EQUIPMENT AND MISCELLANEOUS

344. General Equipment.

This account shall include the cost installed of all equipment coming under the following heads:

(*a*) OFFICE EQUIPMENT.

Include in this account the cost of all office and service equipment not permanently attached to buildings, such as desks, chairs, tables, movable safes, filing cabinets, drafting-room equipment, typewriters, adding machines, addressographs, portable lamps, lockers, clocks, fans, chronograph systems, pneumatic tube systems, lunch-room equipment, doctor's equipment, pulmotors, mechanical office appliances, floor coverings, and other like general office appliances and equipment. Small articles of slight value or of short life acquired subsequent to the original construction period, i. e., after the utility has commenced operations, should not be charged to this account, but to the appropriate operating account.

(*b*) STORES EQUIPMENT.

Include in this account the cost of all equipment for the receiving, shipping, handling, and storage of materials and supplies. This includes loading and unloading equipment (except cranes when they are of such nature as to be charged to buildings), derricks, portable cranes, hoists, chain falls, scales, trucks, counters, shelving, wheelbarrows, and the like.

(*c*) SHOP EQUIPMENT.

Include in this account the cost of all equipment specially provided for general shops (but not so permanently attached as to be properly chargeable to account 312-g-2 "Structures"), such as furnaces, boilers, gas producers, engines, electric generators, and other power apparatus operating machinery in such shops; machine tools, cranes, hoists, shafting, belts, and like shop equipment; also such smithing equipment in general shops as is used principally for other general purposes than shoeing horses and repairing vehicles; and all specially provided foundations not expected to outlast the machinery or apparatus mounted thereon.

(*d*) TRANSPORTATION EQUIPMENT.

Include in this account the cost of equipment for general transportation purposes, such as automobiles, motor trucks, trailers, tractors, motor cycles and other vehicles, battery charging outfits, gasoline and oil storage tanks and pumps, and other garage equipment; horses, harness, drays and wagons; equipment for shoeing horses, and equipment for harness repair shop, vehicle repair shop, and automobile repair shop, if this equipment is devoted exclusively to these purposes.

(*e*). TELEPHONE, TELEGRAPH AND WIRELESS SYSTEM.

Include in this account the cost of all telephone, telegraph and wireless lines and equipment for general use in connection with plant operations, such as poles and fixtures used exclusively for telephone and telegraph wires; wires, cables, insulators, booths, instruments, switchboards, gongs, dynamotors, towers, antennae, etc.

(*f*). LABORATORY EQUIPMENT.

This includes the cost of all meter and other testing apparatus and laboratory equipment not elsewhere provided for.

(*g*) MISCELLANEOUS EQUIPMENT.

This includes any other miscellaneous equipment not elsewhere provided for, such as construction equipment, including boilers, engines, motors, hoists, concrete mixers and distributing apparatus, pumps, air compressers, riveters, lathes, power saws, pipe machines, forges, steam hammers, pile drivers, steam shovels, lighters, industrial track and cars, etc., and any equipment of a permanent nature which cannot be properly charged to any of the foregoing accounts.

Note A.—The cost of small portable tools and implements, such as hammers, saws, wrenches, files, jacks, wire cutters, climbing irons, etc., shall not be charged to this account. Such items shall be carried in account No. 116, "Materials and supplies," until issued for use when "Materials and Supplies" shall be credited and the appropriate work order or other account charged with the cost of the tools or implements so issued. The cost of maintaining tools and implements shall be charged to the expenses of the department to which they are assigned.

Note B.—So far as practicable, separate sub-accounts shall be maintained for the equipment of each individual office building, shop, garage, etc.

345. Miscellaneous Tangible Capital.

This account shall include the cost of all tangible electric capital not elsewhere provided for.

OVERHEAD COSTS AND OTHER UNDISTRIBUTED ITEMS

351. Engineering and Superintendence.

This account shall include all expenditures for services of engineers, draftsmen and superintendents employed on preliminary and construction work, and all expenses incident to the work when such disbursements can not be assigned to a particular tangible capital account.

Note A.—When any of the expenses designated can be charged directly to the primary account for which incurred, they shall be so charged. But no charges shall be made to permanent investment accounts for incidental services or engineering performed by the regular employes and officers of the accounting company unless they have been specially assigned to such work.

Note B.—Expenditures for tentative or preliminary designs or experiments shall be carried in a suspense account until it is determined whether or not to undertake the construction. If the project is continued, such expenditures shall then be transferred to the appropriate fixed capital account; and if it is abandoned, they shall be charged to operating expenses, income, or profit and loss accounts as may be appropriate.

352. Law Expenditures During Construction.

Include in this account general expenditures of the following nature incurred in connection with the construction of plant; namely, the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports,

etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged and not to this account. Expenditures in connection with the acquisition of right of way or other land should be charged to the appropriate "Land" account. Law expenditures in connection with the organization of the corporation should be charged to account No. 301, "Organization." (See "Fixed capital accounts—General instructions and definitions," section 2, page 34.)

353. Injuries and Damages During Construction.

Include in this account all expenditures incident to injuries to persons or damages to property of others when caused directly in connection with construction of plant and equipment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance; medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payment to undertakers), proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employes and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees, court costs and amount of final judgments.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they should be so charged, and not to this account. (See "Fixed capital accounts—General instructions and definitions," section 2, page 34.)

354. Taxes During Construction.

Include in this account state, county, township, city, school, road, annual franchise, and all other taxes and assessments levied and paid on property belonging to the utility while such property is under construction, and before the plant is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewering, curbing, guttering, paving, sidewalks, etc., which should be charged to the account to which the property benefited is charged.

Whenever any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged, and not to this account. (See "Fixed capital accounts—General instructions and definitions," section 2, page 34.)

355. Interest During Construction.

When any bonds, notes, or other evidences of indebtedness are sold, or any interest-bearing debt is incurred, for acquisition or construction of plant and equipment, the interest accruing on the part of the debt representing cost of property chargeable to fixed capital accounts (less interest, if any, allowed on unexpended balances) after such fund becomes available for use and before the receipt or the completion or coming into service of the property so acquired, shall be included in this account.

When such securities are sold at a premium, the proportion of such premium assignable to the time between date of the actual issuance of the securities and the time when the property acquired or the improvement made becomes available for service shall be credited to this account.

This account shall include also such proportion of the discount and expense on long-term debt issued for construction purposes as is equitably assignable to the period between the date of the actual issuance of the securities and the time when the property acquired or the improvement made becomes available for the service for which it is intended. The proportion of discount and expense thus chargeable shall be determined by the ratio between the period prior to the completion or coming into service of the facilities or improvements acquired or constructed and the period of the entire life of the securities issued.

This account shall also include reasonable charges for interest during the construction period on the utility's own funds used temporarily during such period for construction purposes.

When any of the items above enumerated can be charged or credited directly to the account for which incurred they shall be so charged or credited, and not to this account. (See "Fixed capital accounts—General instructions and definitions," section 2, page 34.)

Note A.—If any securities issued or assumed by the utility are sold or exchanged by or for the utility for a consideration the actual money value of which at the time of such sale or exchange is less than the value of the securities at par and the accrued interest thereon, if any, the difference between the money value of the consideration received and the par value of the securities, plus the accrued interest, shall be deemed discount, and in no case (except as provided in the third paragraph of this account) shall discount be included as part of the cost of anything charged in any fixed capital or investment account prescribed in this classification.

Note B. (Oregon.)—Interest on bonds, notes, or other evidence of indebtedness accruing before the proceeds from the sale of the securities become available for use shall not be included in this account, nor shall there be included any interest accruing after the property with respect to which the proceeds are expended is received or becomes available for use in connection with commercial service.

356. Miscellaneous Construction Expenditures.

This account shall include the salaries and expenses of the general officers of an electric plant under construction, clerks in general offieer engaged on construction accounts or work; rent and repair of general offices when rented, with the office expenses; insurance during construction (except workmen's compensation, the cost of which is chargeable to account No. 353, "Injuries and damages during construction"); also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

To this account shall be credited discounts realized through prompt payment of bills for materials and supplies used in construction, unless such discounts are credited to the particular bills.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged, and not to this account. (See "Fixed capital accounts—General instructions and definitions," section 2, page 34.)

Note A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

Note B.—This account should not include any cost of organization or any costs or discounts connected with the issue and disposal of stocks, long term debt, or other securities and commercial paper.

357. Fixed Capital Not Classified By Prescribed Accounts.

(Oregon.) Under this head shall be grouped the balances in accounts representing the accounting company's investment in fixed capital prior to the time when it began to follow the classification of fixed capital accounts herein prescribed. This account shall be subdivided as follows:

357.1. Fixed Capital Installed Prior to {July 1, 1913, or ..... 19....}

This account shall contain the ledger value of property installed prior to the effective date of the classification first prescribed by the commission.

The subaccounts of this account which were in existence prior to the effective date of the classitication prescribed by this commission shall, pending authorization for their distribution to the primary fixed capital accounts in this classification (see note A below), be preserved and credits made thereto for all retirements. Where the date of installation of any fixed capital to be retired does not definitely show it to have been charged to some account other than this account, credit for its retirement shall be made to the proper subaccount of this account until the charges to such subaccount are completely balanced.

357.2. Fixed Capital Installed Prior to and Since {January 1, 1925, or ..... 19....} {June 30, 1913, or ..... 19....}

This is the summary account of all fixed capital accounts prescribed by this commission during the period indicated by the title of this account. The subaccounts of this account shall, pending authorization for their distribution to the primary fixed capital accounts in this classification, be preserved and all retirements of property installed between the above dates shall be credited thereto.

Note A.—Accounts 357.1 and 357.2. Request for authorization to transfer balances in these accounts (preferably as of December 31) should give full explanation of such transfer showing to what accounts of this classification the balance of each of the older sub-accounts are to be transferred. The annual report for that year shall include complete explanation and detail of such transfer. Such transfer of fixed capital installed prior to the effective date of application of the 1913 classification, except as a part of readjustment of fixed capital following determination of valuation by the commission, is not recommended.

Note B.—The annual reports to the commission will include a schedule showing the retirements to account 357.1, "Fixed capital installed prior to July 1, 1913, or (..... 19....)," distributed to the original sub-accounts as carried on the utility's books. A supplemental schedule will also be required which will show the same retirements redistributed according to the fixed capital accounts as herein classified.

358. Cost of Plant and Equipment Purchased.

This account shall include the cost of the accounting company of any plant purchased as a whole when such cost is not immediately assignable to primary fixed capital accounts. Where the contract of purchase includes not only plant and equipment, but also securities and other assets, the appraised value of such securities and other assets shall be deducted from the total cash cost and the remainder of the cash cost shall be charged to this account. Where the consideration given for the property purchased is other than cash, such consideration shall be valued on a current cash basis. If the consideration includes the assumption of liabilities, such liabilities shall be included in the determination of the cost at their cash value at the time the contract is made.

This account shall be used only as clearing account in which temporarily to carry the cost of plant and equipment purchased for a lump sum until such time as a plan for distributing such cost to the primary accounts appropriate to the property is approved by the regulatory commission.

(Oregon.) The accounting company shall procure in connection with the acquisition of any plant and equipment all existing records, memoranda and accounts in possession or control of the grantor relating to the construction and improvement of such plant and equipment, and preserve such records, memoranda and accounts. Where the records, memoranda and accounts are so intimately involved with other records, memoranda and accounts of the grantor as to make their transfer impracticable or inadvisable, certified copies of them should be procured by the grantee.

Note.—The value at the time of purchase of any securities or other assets acquired in connection with the purchase of a plant shall be included in the accounts appropriate for such assets. The par value of any liability assumed in such transaction shall be included in the appropriate liability accounts, and any necessary adjustment between the cash value charged to the property accounts and par value shall be made in the appropriate premium or discount account.

359. Unfinished Construction.

This account shall include the balances in open work orders representing additions to plant and equipment when the charges to such work orders have not been distributed to the foregoing fixed capital accounts.

(Oregon.) In order that the foregoing fixed capital accounts should reflect only fixed capital in service at the end of the year, balances in this account should not be transferred until plant or equipment is placed in service.

STANDARD FORM OF INCOME ACCOUNT

General instructions and definitions ..... Page 58-59

Income from Operating Properties:

Item	Account				Page
1	401	Operating revenues	***	$	60
2	402	Operating expenses	$	***	60
3	403	Uncollectible bills		***	60
4	404	Taxes		***	60
5		Total revenue deductions	***		
6		Operating income (applicable to utility operations)	***	$	
7	411	Rent for lease of other operating plant	$	***	61
8	412	Amortization of limited term land rights		***	61
9		Total (items 7 and 8)	$	***	
10	413	Rent accrued from lease of operating plant—Cr.		***	61
11		Net rent deduction (credit balance in red)	***		
12		Net utility operating income (applicable to utility property)	***	$	

Income from Non-operating Properties:

13	421	Miscellaneous rent revenues	$	***	61
14	422	Interest on long-term debt owned		***	61
15	423	Miscellaneous interest revenues		***	62
16	424	Dividend revenues		***	62
17	425	Income from special funds		***	62
18	426	Miscellaneous non-operating revenues		***	62
19		Total (items 13 to 18, inclusive)	$	***	
20	427	Non-operating revenue deductions		***	62
21		Total non-operating income	***	$	
22		**Gross corporate income** (items 12 and 21)	***	$	

Item	Account				Page
		Deductions from Gross Corporate Income:			
23	431	Interest on long-term debt	$	***	63
24	432	Miscellaneous interest deductions		***	63
25	433	Amortization of debt discount and expense		***	63
26	434	Amortization of premium debt—Cr.		***	64
27	435	Miscellaneous amortization chargeable to income		***	64
28	436	Miscellaneous deductions from gross corporate income		***	64
29		Total deductions from gross corporate income	***	$	
30		Net income (loss in red)	***	$	
		Disposition of Net Income:			
31	441	Sinking fund appropriations	$	***	64
32	442	Dividend appropriations of income		***	64
33	443	Miscellaneous appropriations of net income		***	64
34		Total appropriations of net income	***	$	
35		Balance transferred to Profit and Loss	***	$	

INCOME ACCOUNTS

GENERAL INSTRUCTIONS AND DEFINITIONS

Section 1. Income Accounts Defined—The income accounts are those that show the sources and disposition of income during a given period. Any change in the items shown on a balance sheet at the end of such a period as compared with a balance sheet at the beginning of the period, which is not merely a transfer from one balance sheet account to another, that is to say, any transaction which affects the profit and loss balance, must be explained by the income accounts or by the profit and loss accounts. A summary statement of income accounts arranged in convenient form to show the accounting history of a given period is usually called collectively the "Income account." Income accounts whose title and definition plainly indicate that they are summaries of other accounts are not required to be set up as special ledger accounts, though it may often be a matter of bookkeeping convenience to do so.

Sec. 2. Form of Income Account—The form in which the income account is stated is determined by considerations of convenience and clarity. The standard form adopted for the purpose of this classification is shown on pages 56 and 57. In this form of statement there are certain terms used to indicate divisions of the income account which require special definition, given in the following paragraphs.

Sec. 3. Revenues—The word revenues as used herein means all amounts of money which the accounting company receives or becomes lawfully entitled to recover for services rendered, for products sold, as profits on merchandise sold, or as a return upon its property (or interest in property). Revenues are classified as *operating revenues* and *nonoperating revenues.*

Sec. 4. Operating Revenues—Operating revenues are those derived from the sale of products and merchandise, from services rendered, from return on property used by the person or corporation in its own operations, and from interest on current funds.

Sec. 5. Nonoperating Revenues—Nonoperating revenues are those derived as a return upon the property of the accounting company in the hands of others or from its interest in property in the hands of others. They may be subclassified as rents, interest, dividends and miscellaneous.

Sec. 6. Revenue Deductions—Revenue deductions include expenses, taxes and uncollectible bills.

Sec. 7. Expenses—Expenses are those outgoes (including losses due to the retirement of capital) necessary to the production and distribution of the commodities sold and the services rendered, and to the collection of the revenues. They are divided into operating expenses and nonoperating expenses.

Sec. 8. Taxes—Taxes are those annual or other payments exacted by governments for the purpose of raising funds for public uses.

Sec. 9. Uncollectible Bills—When a corporation is engaged regularly in rendering to general consumers a service, or in supplying to such consumers a commodity, current accounts or claims against such consumers for such services rendered or commodity supplied which are incapable of collection by the exercise of reasonable diligence are included under the name *Uncollectible Bills.*

Sec. 10. Income—(Oregon). Income is what is left after subtracting revenue deductions from revenue. Income from operating properties is income derived from the operation, or as a compensation for, the use of properties devoted to the utility service rendered by the accounting company. Income from nonoperating properties is income derived from properties not devoted to utility service; also from properties not belonging to the accounting company, but in which it has an interest through ownership of stocks, bonds or otherwise. Operating income applicable to utility operations is that income arising from operations as a utility which is available to pay a return in one form or another upon all capital employed by the accounting company in that class of operations. Income applicable to utility property is that income which is available to pay a return in one form or another on utility capital owned by the accounting company. It is the operating income applicable to utility operations less rentals for the use of capital not owned. Gross income is income from all sources whatsoever. It might also be called total net revenue. Gross corporate income is that income applicable to corporate properties, that is, gross income less rentals for capital not owned. Net income is that amount left after all contractual or compulsory deductions have been made from gross income, except such sinking fund accruals as are required to be temporarily reserved.

Sec. 11. Rents—Rents are payments for the use of property employed in the business but not owned by the accounting company. The standard form of income statement established by this system of accounts provides, therefore, for deducting from gross income rentals paid for the use of property not owned, in order that the income available for a return upon that part of the capital invested in the enterprise by the accounting company may clearly appear. Minor rents, however, such as rents for land, buildings and comparatively small portions of plant and equipment, not constituting a distinct operating unit, used for departmental purposes are more suitably, for administrative purposes, charged directly to one of the divisions of the operating expense schedules and suitable treatment of such expenditures is provided for in the operating expense accounts.

Sec. 12. Delayed Income Items—Delayed items are those representing transactions which occurred prior to the period covered by the income account, but which were not recorded currently. Such items may be charged or credited to the appropriate income account for the fiscal period in which the transactions are actually recorded. If, however, the amount of such items is relatively so large that its inclusion in the income account for a single year would result in a seriously abnormal income statement, and no provision has been made through accruals to reserves or suspense accounts for anticipating such transactions, the accounting company may distribute the amount, or any part thereof, to profit and loss.

TEXT PERTAINING TO INCOME ACCOUNTS

I. INCOME FROM OPERATING PROPERTIES

401. Operating Revenues.

Under this head shall be shown the total revenues of the utility from electric, gas and/or water operations during the period covered by the income account. (For the primary operating revenue accounts see pages 71 to 73.)

402. Operating Expenses.

Under this head shall be shown the total expenses of the utility for electric, gas and/or water operations during the period covered by the income account. (For the primary operating expense accounts see pages 82 to 106.)

403. Uncollectible Bills.

This account shall include charges for accounts due from consumers or customers which, after a reasonably diligent effort to collect, have proved impracticable of collection. If accounts which have been so written off are afterwards collected, the amount received should be credited to this account.

Charges to this account for class A and B utilities shall be made on the basis of the estimated average loss due to uncollectible accounts, in which case the concurrent credit shall be to a special account under balance sheet No. 257, "Miscellaneous reserves." To the reserve thus established shall be charged such accounts as are determined to be uncollectible. When charges for uncollectible accounts are thus made by estimate, the estimate shall be adjusted at the end of each fiscal year to conform to the experience of the accounting company as determined by analysis of its accounts receivable.

404. Taxes.

This account shall include the amount of taxes applicable to the electric, gas and/or water operations of the utility during the period for which the income account is stated.

Separate account shall be kept of the taxes applicable to electric, gas and/or water operations and to other operations, as well as to nonoperating revenues, if the accounting company has such other operations or nonoperating revenues. (See account 427e, "Nonoperating taxes.") When taxes are levied on property used in two or more different classes of operations in such a way that the amount applicable to each class is not definitely stated, the total amount of the levy shall be apportioned by the accounting company on some fair basis between the two or more classes of operations.

The tax accounts shall be charged at regular accounting intervals and the "Tax liability account" (see note under account No. 231, "Taxes accrued") concurrently credited with the period's proportion of taxes applicable to the operations covered by each account. If the exact amounts of the annual taxes are not known, they shall be estimated and a due share of the estimated amounts shall be charged for each accounting period. From time to time during the year as the actual tax levies become known, the periodic charges shall be adjusted so as to include as nearly as possible the total amount of the taxes in the period to which they apply.

Note A.—Taxes on property leased should be charged to the appropriate tax account by the party which under the terms of the lease contract actually pays such taxes. If by the provisions of the lease the party actually paying the taxes is reimbursed by the other party

to the lease, the amount of such reimbursement shall, when the taxes are paid in the first instance by the lessor, be credited to the appropriate rent revenue account of the lessor and charged by the lessee to the appropriate rent deduction account; when the taxes are paid in the first instance by the lessee, the amount of the reimbursement shall be credited to the appropriate rent deduction account of the lessee and charged by the lessor to the appropriate rent revenue account.

Note B.—The tax accounts must not include any fees or charges sometimes called taxes, such as water taxes, drainage taxes, or fire taxes, which are payments for some specific service rendered by the government.

411. Rent for Lease of Other Operating Plant.

This account shall include all amounts accrued against the utility for rent of any electric, gas and/or water plant constituting a distinct operating unit, such as a production plant or distribution system, under a lease giving exclusive possession to the lessee.

412. Amortization of Limited Term Land Rights.

When the right to use land for a limited term has been acquired under a contract by which the consideration is a single immediate payment instead of a series of periodic rentals during the term for which the land is transferred, this account shall include an amount sufficient to cover the portion of the life of such limited interest in land as has expired during the accounting period. The amount charged to this account shall be concurrently credited to the fixed capital account to which the cost of acquiring such an interest in land was originally charged.

413. Rent Accrued from Lease of Operating Plant—Cr.

This account shall include all amounts accruing to the utility company as rental for its electric, gas and/or water plant or any part thereof constituting a distinct operating unit, such as a production plant or distribution system, under a lease giving exclusive possession to the lessee.

Note.—Rentals received for the use of comparatively small portions of plant or equipment, not constituting a distinct operating unit, the cost of which is carried in electric, gas, and or water, fixed capital accounts, and the cost of maintaining which is ordinarily borne by the owner, shall not be credited to this account but to operating revenue account No. 613, "Rent from property used in operation," even though the lessee has exclusive possession.

II. INCOME FROM NON-OPERATING PROPERTY

421. Miscellaneous Rent Revenues.

This account shall include all rent revenues accruing to the accounting company from properties not devoted to utility operations. This covers such revenues as rentals from real estate not used in operations.

422. Interest on Long-term Debt Owned.

Include in this account interest accruing to the utility upon securities of other companies and of national, state, or municipal governments. Interest accrued shall not be credited to this account unless its payment is reasonably assured; in other cases credits to this account shall be based upon the interest actually collected.

Note A.—No interest upon reacquired securities issued or assumed by the utility shall be credited to this account.

Note B.—Interest accrued on securities held in sinking or other special funds shall not be credited to this account but to account 425, "Income from special funds."

423. Miscellaneous Interest Revenues.

Include in this account interest payable to the utility accrued on loans, notes, and advances, special deposits, and all other interest-bearing assets except funded securities, special fund, and current funds employed primarily in the conduct of the business for which the utility is organized. Interest accrued shall not be credited to this account unless its payment is reasonably assured; in other cases credits to this account shall be based upon the interest actually collected.

424. Dividend Revenues.

Include in this account income (whether interest or dividends) accrued on stocks of other companies held by it. Accruals of guaranteed dividends may be included in this account if their payment is reasonably assured.

Note A.—No dividends on reacquired securities issued or assumed by the utility shall be credited to this account.

Note B.—Dividend income from securities held in sinking or other special funds shall not be credited to this account, but to account 425, "Income from special funds."

425. Income from Special Funds.

This account shall include income (whether interest or dividends), accrued on cash, securities (not issued or assumed by the accounting company), and other assets held in sinking and other special funds.

Note.—This account covers all income from investments of special funds, whether required to be retained in the fund or not. If such income is required to be retained in the fund and the fund required to be represented by a reserve, the amount of such accretions to the fund shall be concurrently credited to the appropriate reserve account and charged to account No. 441, "Sinking fund appropriations," or account No. 443, "Miscellaneous appropriations of net income," as may be appropriate.

426. Miscellaneous Non-operating Revenues.

This account shall include all revenues accruing to the accounting company in accordance with the terms of any contract by which the company is entitled to participate in the profits resulting from the operations of others and all other nonoperating revenues not provided for in any of the foregoing accounts.

Note.—"Profits from the operation of others" does not include any dividends on stock. Revenues from dividends should be credited to account No. 424, "Dividend revenues."

427. Non-operating Revenue Deductions.

This account shall include all expenditures necessary to receiving or collecting nonoperating revenues as listed under the following subheads. If desired, each subhead may be made a separate ledger account.

(*a*) *Rent expense*—This covers all expenses arising in connection with the procuring of revenues from rented properties which are properly credited to account No. 421, "Miscellaneous rent revenues," such as the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collectors' commissions, cost of enforcing payment of rent, cost of ousting tenants, etc. This includes expense while the property is idle awaiting occupant; also cost of maintenance of property when such cost is borne by the owner. Such maintenance does not include taxes.

(*b*) *Interest expense*—This covers all expenses in connection with the collection of interest upon investments. It does not include taxes on such investments.

(c) *Dividend expense*—This covers all expenses in connection with the collection of dividends on stocks of other corporations; also all expenses incurred, as in the investigation of the affairs of the corporations whose stocks are held, whether for the purpose of detecting mismanagement, or for the purposes of inducing the declaration of dividends, and all expenses connected with enforcing payments of dividends when declared.

(d) *Miscellaneous nonoperating expense*—This covers the cost of negotiating contracts by which the utility is entitled to share in profits from the operation of others, and all expenses of collecting the utility's proportion of such profits and all expenses of procuring the modification or dissolution of any such contract; also all other nonoperating expeness (as expenses are defined under "Income accounts—General instructions and definitions," section 7, page 58) which are not provided for under the foregoing subheads.

(e) *Nonoperating taxes*—This covers all taxes accruing from nonoperating property the revenues from which is properly credited to accounts 421 to 426, inclusive, and all other taxes not upon property, but assignable to nonoperating revenues.

(f) *Uncollectible nonoperating revenues*—This covers any nonoperating revenues judged by the utility to be uncollectible.

III. DEDUCTIONS FROM GROSS CORPORATE INCOME

431. Interest on Long-term Debt.

This account shall include all interest accrued on outstanding long-term debt issued or assumed by the accounting company, the liability for which is included under balance sheet account No. 211, "Long term debt"; also interest accrued on debenture stocks and on receiver's certificates which mature more than one year after date of issue. This account does not include interest on securities held by the accounting company in its treasury, in sinking or other special funds, or pledged as collateral.

Note A.—The amount charged to this account shall be concurrently credited to account No. 232, "Interest accrued," to which account shall be debited payments made on account of interest.

Note B.—If any securities issued or assumed by the accounting company are held in a sinking or other special fund, the interest on such securities shall not be charged to this account.

432. Miscellaneous Interest Deductions.

This account shall include interest on all short-term obligations of the accounting company, such as notes or loans for terms of less than one year, unpaid taxes, consumers' deposits, or other accounts payable, etc. It shall also include interest on advances from affiliated companies (see balance sheet account No. 241, "Advances from affiliated companies"); and interest on receiver's certificates which mature in one year or less after date of issue.

433. Amortization of Debt Discount and Expense.

This account shall include for any fiscal period that proportion of the unamatorized discount and expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule the uniform application of which during the interval between the issue and the maturity of any debt will completely amatorize or wipe out the discount at which such debt was issued and the debt expense connected therewith.

434. Amortization of Premium on Debt—Cr.

This account shall include for any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion shall be determined according to a rule the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the premium at which such debt was issued.

435. Miscellaneous Amortization Chargeable to Income.

This account shall include such amounts as the accounting company may be required to charge to income in amortization of intangible book value or other items carried among its assets.

436. Miscellaneous Deductions from Gross Corporate Income.

This account shall include all contractual deductions from gross corporate income not provided for in any of the foregoing accounts. This covers unsecured accruals of obligations arising under contracts whereby the accounting company has guaranteed the *annual or more frequent periodic* payment of money or performance of other obligation on the part of another corporation or person and because of the default of such other corporation or person the liability of the accounting company has become actual; losses resulting from the operations of others whenever, in accordance with the terms of any contract, the accounting company is bound to contribute toward reimbursement of such losses, and income taxes levied upon bondholders and assumed by the accounting company.

IV. DISPOSITION OF NET INCOME

441. Sinking Fund Appropriations.

Include in this account such amounts as are required by mortgage provision or otherwise to be charged to income for the purpose of retiring or reducing the long-term debt or other obligations of the utility; also such accretions from the investment of funds specifically set aside for the above-described purpose as are required to be added to a sinking fund reserve. (See account 425, "Income from special funds.")

442. Dividend Appropriations of Income.

Include in this account amounts declared payable as dividends out of the income for the period for which the income account is stated on outstanding capital stock issued or assumed by the utility.

This account shall be divided to show separately the dividends on the various classes of capital stock.

If the dividend is not payable in cash, the asset distributed or the manner and form of payment shall be described in the entry with sufficient particularity to identify it.

Note.—This account shall not include charges for dividends on capital stock issued or assumed by the accounting company and owned by it whether held in the treasury, in special deposits, in sinking or other reserve funds, or pledged as collateral.

443. Miscellaneous Appropriations of Net Income.

This account shall include all appropriations of net income not provided for in the three preceding accounts. This covers appropriations of income to special fund reserves. (See account No. 425, "Income from special funds.")

STANDARD FORM OF PROFIT AND LOSS ACCOUNT

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Balance at the beginning of the fiscal period	$	$	
Balance transferred from income account			
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Balance at the end of the fiscal period			
	$	$	

PROFIT AND LOSS ACCOUNTS

GENERAL INSTRUCTIONS AND DEFINITIONS

Section 1. Profit and Loss Account Defined— The profit and loss account is the collective title for a small group of accounts which form the connecting link between the income account and the balance sheet. Its principal function is to explain changes in the corporate surplus or deficit during a given fiscal period as affected, first, by the net result of all transactions reported in the income account; second, by appropriations of surplus for specific purposes made at the option of the utility; and third, by special and unusual transactions, or adjustments such as are not regularly recorded in the income account. A complete analysis of each of the profit and loss accounts may be required in annual reports to the commission.

Sec. 2. Delayed Income Items—Delayed items are those representing transactions which occurred prior to the period covered by the income account, but which were not recorded currently. Such items may be charged or credited to the appropriate income account for the fiscal period in which the transactions are actually recorded. If, however, the amount of such items is relatively so large that its inclusion in the income account for a single year would result in a seriously abnormal income statement, and no provision has been made through accruals to reserves or suspense for anticipating such transactions, the accounting company may distribute the amount, or any part thereof, to profit and loss.

TEXT PERTAINING TO PROFIT AND LOSS ACCOUNTS

501. Dividend Appropriations of Surplus.

This account shall include amounts declared payable out of accumulated surplus as dividends on actually outstanding capital stock issued or assumed by the accounting company.

This account shall be divided so as to show separately the dividends on the various classes of capital stock.

If a dividend is not payable in cash, the consideration shall be described in the entry with sufficient particularity to identify it.

Note.—This account shall not include charges for dividends on capital stock issued or assumed by the accounting company and owned by it, whether held in the treasury, in special deposits, in sinking or other funds, or pledged as collateral.

502. Appropriations to Reserves.

This account shall include appropriations from surplus for sinking fund and other reserves and allotments of surplus or payment of definite amounts from surplus into sinking fund and other reserves under the terms of mortgages, deeds of trust or other contracts; and such other appropriations of surplus to be set aside in special reserve accounts as the accounting company may make.

Note.—It is the intent of the classification that a reserve shall be provided either through retirement expense, appropriations from surplus, or both, sufficient to cover all retirement losses that may reasonably be expected.

503. Miscellaneous Credits to Profit and Loss.

This account shall include all credits affecting the accounting company's surplus or deficit and not elsewhere provided for, such as:

Adjustments or cancellation of balance-sheet accounts.

Cancellation of balance-sheet accounts representing unclaimed wages and vouchered accounts written off because of the accounting company's inability to locate the creditor.

Profit derived from the sale of miscellaneous investments.

Credits resulting from adjustments required to bring to par securities issued or assumed by the accounting company and reacquired at a cost less than par value.

Premiums on capital stock at the time of its reacquirement. (See "Balance sheet accounts—General instructions and definitions," section 11, page 11).

Unreleased premiums on funded debt reacquired before maturity. (See "Balance sheet accounts—General instructions and definitions," section 12, page 12.)

Note.—If old accounts are collected which have been previously written off as uncollectible, the amount received should be credited to the account which was originally charged when the amount in question was written off, and not to "Profit and loss."

504. Miscellaneous Debits to Profit and Loss.

This account shall include all debits affecting the accounting company's surplus or deficit and not elsewhere provided for, such as:

Adjustments or cancellation of balance-sheet accounts.

Losses or deficits not properly chargeable to income and for which no reserve has been provided.

Losses resulting from the sale of miscellaneous investments, and debits resulting from adjustments required to bring to par securities issued or assumed by the accounting company and reacquired at a cost exceeding the par value.

Unextinguished discounts on funded debt reacquired before maturity.

Donations to charitable institutions and organizations for promoting social welfare.

Penalties and fines for violations of law.

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OPERATING REVENUE ACCOUNTS

GENERAL INSTRUCTIONS AND DEFINITIONS

Section 1. Operating Revenue Accounts Defined—Operating revenue accounts are those in which are recorded the amount which the utility receives or becomes lawfully entitled to recover for services rendered, for products or merchandise sold, as a return on property used in the company's own operations, and as interest on current funds, such as daily bank balances.

Sec. 2. Basis of Credits to Operating Revenue Accounts—Credits to the various revenue accounts shall be made upon the basis of bills rendered or of gross prices. Discounts for prompt payment, corrections of overcharges, overcollections theretofore credited and afterwards corrected, authorized abatements and allowances, and other corrections and deductions shall be charged to the revenue account to which they relate.

Note A.—If a utility desires to credit its revenue accounts upon the basis of net price charged to consumers, it may do so upon filing with the commission a notice of its intention. In such case all discounts forfeited or penalties charged for delayed payments shall be credited to the revenue accounts involved and kept in such form as to permit their being separately reported.

Note B.—If the utility sells all or part of its electric energy through an agent under contract by which the agent pays distribution and other expenses and turns over to the utility the amount collected from sales of current less his agent's commission, the utility should credit its revenue accounts with the full amount collected by its agent and charge the amount of the of the agent's commission to operating expense account No. 762, "Agent's commissions." The agent should credit the amount of the commission received to operating revenue account No. 611, "Commissions on others' electric energy," and credit the remainder of the revenue from electric energy sold on commission to the account of the company supplying such energy.

Sec. 3. Delayed Items—Delayed items are those representing transactions which occurred prior to the period for which a revenue account is stated, but which were not recorded currently. Such items may be charged or credited to the appropriate revenue account for the fiscal period in which the transactions are actually recorded. If, however, the amount of such items is relatively so large that its inclusion in the revenue accounts for a single year would result in a seriously abnormal income statement and no provision has been made through accruals to reserves or suspense accounts for anticipating such transactions, the utility may distribute the amount or any part thereof to profit and loss.

Sec. 4. No Revenue from Electric Energy Used in Operations or Supplied Without Direct Charge—If the utility desires to charge its various departmental accounts with the current used in such departments for light or heat which it has itself generated or purchased for resale, the value of such current shall not be credited to revenue, but to the appropriate operating expense account for "Duplicate charges." Similarly, if current is supplied without direct charge in accordance with the terms of a municipal or other contract calling for limited "free" service, in accordance with franchise requirements, as compensation for the services of employes, etc., and it is desired to charge the value of the current so furnished to appropriate operating expense accounts, the concurrent credit shall be, not to a revenue account, but to "Duplicate charges."

TEXT PERTAINING TO OPERATING REVENUE ACCOUNTS

I. SALE OF CURRENT

601. Metered Sales to General Consumers.

This account shall include all revenues received for measured electric energy supplied for residential, commercial and industrial purposes where the total receipt is dependent upon quantity of energy supplied, except revenues from the sale of electric energy to municipal corporations and other governmental agencies at rates not available to nonmunicipal users.

(Oregon.) This account shall be subdivided to show the sales for electric energy by tariff schedules for residential lighting, for commercial lighting, for power, and for cooking and heating, when either or both of the latter are rendered on separate schedules.

602. Flat-rate Sales to General Consumers.

This account shall include all revenues received for electric energy supplied at flat rates per year, per night, per hour, or other time unit, or on any basis independent of the quantity of current supplied, except revenues from the sale of electric energy to municipal corporations and other governmental agencies at rates not available to nonmunicipal users.

(Oregon.) This account shall be subdivided to show the sales for electric energy by tariff schedules for residential lighting, for commercial lighting, for power, and for cooking and heating, when either or both of the latter are rendered on separate schedules.

603. Sales to Railroad Corporations.

Include in this account all revenues derived from sales of electric energy to railroad corporations for the propulsion of their cars. If such energy is incidentally used for other purposes, but the portion so used is not separately measured, the revenue therefrom shall be included in this account. Revenue from the sales of current to railroad corporations at established tariff rates for lighting or heating stations, offices, etc., or for power in shops shall not be credited to this account but to the appropriate commercial lighting or power account.

604. Sales to Other Electrical Corporations.

Include in this account all revenues derived from electric energy sold to other electrical corporations to be by them distributed over their own lines to consumers. If any portion of such energy is incidentally consumed by such corporations for their own benefit, whether for light, heat, or power, it shall be included herein if not separately measured or if included under the same contract with that which is distributed by them to consumers.

605. Municipal Street Lighting.

This account shall include all revenues derived from lighting streets for municipal corporations by means of electric energy, or from supplying electric energy therefor at special rates not available to nonmunicipal consumers.

Note.—In the foregoing account the word "streets" is to be interpreted to include parks, plazas, and all other public places not classified as buildings.

606. Miscellaneous Municipal Sales.

This account shall include all revenues derived from energy supplied to municipal corporations for purposes other than street lighting at special rates not available to nonmunicipal consumers; also all revenues from energy supplied under special contract with federal, state or county governments.

H. MISCELLANEOUS REVENUES FROM OPERATIONS

611. Commissions on Others' Electrical Energy.

Include in this account all revenues accruing to the utility for transmitting or distributing current of other companies over its transmission or distribution lines and selling the same, and for all other services performed in connection therewith. (See "Operating revenue accounts—General instructions and definitions," section 2, note B, page 70.)

612. Rent from Electric Appliances.

Include in this account all revenues derived from letting of electric motors, fans, heating appliances, batteries, lamps, meters, and other electric apparatus and appliances. Where the contract of letting names only a single consideration for both the letting and the maintenance of the appliances so let, the entire revenue shall be included in this account.

613. Rent from Property Used in Operation.

This account shall include rents received for the use by others of buildings, land and other property devoted to electric operations by the utility. This covers such matters as rent from pole attachments, rent from joint use of office buildings or substations, rent from land included with water rights, etc.

When any corporation engages in electric operations for the production of some of its product for the benefit of another or others under an arrangement for apportioning the expense among the several participants in the arrangement, if such arrangement provides for the receipt by the accounting company of any profit or return upon its property, such profit or return upon property shall, as it accrues, be credited to this account. Such profit or return must be over and above any provision for wear and tear and retirement expense on plant involved in said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

614. Merchandise and Jobbing.

To this account shall be credited all revenues derived from the sale of electric merchandise and from electric jobbing. To this account shall be charged the cost to the utility of such merchandise sold including transportation costs and the cost of labor employed, rents and all other expenses equitably assignable to merchandise and jobbing so far as it is practicable to segregate such costs; also discounts and allowances made in connection with settlement of bills for merchandise and jobbing.

To this account shall also be credited the profit or commission accruing to the utility on all wiring and jobbing work performed by it as agent under agency contracts whereunder it undertakes to do jobbing work for another for a stipulated profit or commission.

Note A.—The accounting company should keep this account in such detail as to enable it to analyze the credits and debits in its annual reports.

Note B.—This account does not include receipts from the sale of superseded equipment or of junk or other scrap or salvage. Such receipts should be credited to the account to which the cost of the superseded equipment is charged or (in the case of the sale of junk, etc.) to account No. 781, "Undistributed general expenses," or the appropriate subdivision thereof.

Note C.—If the accounting company sells merchandise or does jobbing work at or below cost for the purpose of inducing greater use of electric energy, a debit balance in this account due to such a practice shall be charged to operating expense account No. 771, "New business expenses," or the appropriate subdivision thereof.

615. Other Miscellaneous Revenues.

Include in this account all revenues derived from electric operations not includible in any of the foregoing accounts. This covers such items as profit on the sale of materials and supplies not ordinarily purchased for resale, sale of exhaust steam, interest on daily bank balances, interest on customers' delinquent accounts, when charged, etc.

Note.—The foregoing account is intended to be restricted to revenues incidental to electric operations. If the sale of water or steam for steam heating or the sale of power is of considerable magnitude, it should be accounted for under separate departmental accounts.

616. Revenues from Construction Railways (Oregon).

This account shall include all revenues derived from use of investment included in fixed capital account, 319-R. "Construction railways."

OPERATING EXPENSE ACCOUNTS

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OPERATING EXPENSE ACCOUNTS

GENERAL INSTRUCTIONS AND DEFINITIONS

Section 1. Operating Expenses Defined—The term "operating expenses" as used in this classification means such expenses as are necessary to the maintenance of the utility organization, the rendering of service required or authorized by law, the sale of merchandise, the production (including herein the cost of capital consumed) and disposition of commodities produced, and the collection of the revenues therefor. Expenses directly incident to the collection of nonoperating revenues and the maintenance of property from which nonoperating revenues are derived are excluded from operating expenses.

Sec. 2. Definitions of Certain Terms Used in Connection With Operating Expense Accounts—(*a*). Except where some other meaning is clearly apparent from the texts of the accounts, the following words, wherever used hereunder, have the meanings below stated:

(*b*) "*Cost*" means cash or money cost, and not price based on a term of credit.

(*c*) "*Labor*" means human services of whatever character.

(*d*) "*Cost of labor*" includes wages, salaries, and fees paid to persons for their services.

(*e*) "*Cost of materials and supplies*" includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the utility, such as packing, drayage, freight, and express charges, excise taxes on articles purchased, insurance, customs duties, commissions, etc., and cost of any special tests made thereon prior to their acceptance; there may also be included a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account as hereinafter provided.

(*f*) "*Costs of repairs*," when made by the utility, includes cost of labor expended and material consumed, and incidental expenses such as carfare, permits, inspection, etc., less salvage, if any.

(*g*) *Current maintenance* includes such expenses necessary to maintain the tangible property in a state of operating efficiency as do not result in a substantial change of identity in any particular unit of property. It includes the cost of minor replacements of small parts commonly called the cost of repairs, but it does not include the cost of replacing individual structures, facilities or units of equipment or important sections of continuous structures such as electric line. Current maintenance costs are chargeable to operating expenses and wherever the word "maintenance" is used in the definition of an operating expense account current maintenance is to be understood. The cost of replacing the larger units is chargeable to fixed capital from which the cost of the property replaced must be deducted.

Note.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

Sec. 3. Unaudited Bills and Vouchers—When bills covering operating expense items are not received in time for audit, and when vouchers are not made in time for inclusion in the operating accounts for the month in which the transactions occur, the items may be estimated and in such form charged or credited to operating accounts and credited or charged to operating reserves, the necessary adjustments being made later when the bills and vouchers are taken into the accounts.

Sec. 4. Delayed Items—Delayed items are those representing transactions which occurred prior to the period covered by the income account; but which were not recorded currently. Such items may be charged or credited to the appropriate expense account for the fiscal period in which the transactions are actually recorded. If, however, the amount of such items is relatively so large that its inclusion in the expense accounts for a single year would result in a seriously abnormal income statement, and no provision has been made through accruals to reserves or suspense accounts for anticipating such transactions, the utility may distribute the amount or any part thereof to profit and loss.

Sec. 5. Salvage and Insurance—(*a*) Salvage and insurance recovered in connection with maintenance jobs not involving deductions from fixed capital shall be credited to the appropriate maintenance account. (See "Fixed capital accounts—General instructions and definitions," section 6, page 35.)

(*b*) If the insurance for damaged property is relatively large and is received before the repairs have been completed, a disproportionate credit to operating expenses may be avoided by crediting the amount of the insurance recovered to a suspense account, to which the cost of the repair shall then be charged to the extent that it is covered by insurance.

(*c*) Insurance recovered in connection with personal injuries shall be credited to account 783, "Injuries and damages," or the appropriate subaccount thereunder. Dividends distributed by mutual insurance companies shall be credited to the account to which the insurance premium is charged. Recoveries under fidelity bonds, shall be credited to the account charged with the loss.

Sec. 6. Depreciation Expense—(Oregon) An account is provided in which to include charges made in order that utilities may, through the creation of adequate reserves, equalize from year to year, as nearly as practicable, the losses incident to important retirements of buildings, dams, etc., or of large sections of continuous structures like electric lines, or of definitely identifiable units of plant or equipment. "Losses" used above means in each case the excess of the original cost to the accounting company of the property retired plus the cost of dismantling or removing, over its salvage value at the time of its retirement. The cost of replacing minor parts, which is not recorded by any entries in the fixed capital accounts, and which is commonly called the cost of "repairs" or "maintenance" as distinguished from the cost of "replacements" of large units, need not be provided for through a depreciation reserve. The amounts charged to depreciation expense should be upon a basis determined to be equitably assignable to the accounting period according to the accounting company's experience and best sources of information, and such amounts, plus amounts appropriated from surplus, should in all cases be sufficient to provide during a period of years a reserve against which can be written off all losses sustained upon the retirement of property for any cause whatsoever.

OPERATING EXPENSE ACCOUNTS

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(*e*) "*Cost of materials and supplies*" includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the utility, such as packing, drayage, freight, and express charges, excise taxes on articles purchased, insurance, customs duties, commissions, etc., and cost of any special tests made thereon prior to their acceptance; there may also be included a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account as hereinafter provided.

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TEXT PERTAINING TO OPERATING EXPENSE ACCOUNTS

GENERAL ACCOUNTS

700. Production expenses.
720. Transmission expenses.
730. Distribution expenses.
750. Utilization expenses.
760. Commercial expenses.
770. New business expenses.
780. General and miscellaneous expenses.

700. PRODUCTION EXPENSES

Note.—If the accounting company operates two or more generating stations or if it generates energy by two or more different methods, such as by a steam power plant and a hydraulic power plant, it should keep (with the detail herein prescribed) separate accounts covering production at the several plants and so far as practicable for each process or method. Where two or more methods or processes are used, separate subaccounts should be kept for expenses common to two or more methods. Electric energy obtained from another company should be separately accounted for as in the case of that produced by a separate process or method.

STEAM POWER GENERATION

OPERATION

C B 701. Superintendence and Labor.

A 701.1. Superintendence

This account shall include the salaries of superintendents and assistants, chemists, day and night foremen, and station clerks, and also that portion of the salaries of the engineering staff chargeable to steam generating plant operations.

A 701.2. Boiler Labor

This account shall include labor in boiler room and elsewhere in and about the premises having to do with making steam.

Principal items: Fire-room engineer and assistants, water tenders, firemen, coal handlers, boiler cleaners and feed pumpmen.

A 701.3. Engine Labor

This account shall include labor on prime movers.

Principal items: Chief engineer and assistants, engineers, oilers, wipers and machinists.

A 701.4. Electrical Labor

This account shall include all labor in connection with the electrical apparatus and devices, beginning with the dynamos direct connected or belted to the prime movers and including the switchboard, feeder terminal board, and to the point where the electric current leaves the station for the transmission or distribution system.

Principal items: System operators or load dispatchers, foremen regulators, regulators and assistants, switchboard men, brushmen, wipers, wiremen.

A 701.5. Miscellaneous Labor

Include in this account the pay of all employes in and about the steam-power generating plant engaged in operating the plant whose time is not

chargeable to any of the foregoing steam-power plant labor accounts. This covers such labor as that of watchmen, janitors, elevator men and messengers, employes engaged in cleaning buildings and yards, and other general labor, excluding maintenance labor.

702. Power Plant Supplies and Expenses.

C B A 702.1. Fuel.

Include in this account the cost of all fuel used for steam, whether coal, oil, gas, or other fuel, f. o. b. station or storage pile. This will include the invoice cost of fuel, freight, switching, demurrage, cost of unloading from cars or boats to wagons, and cartage to point of delivery at plant for storage, or unloading from scows or cars and conveying to place of storage. In case coal is transferred from one place to another, this cost should also be included, and any discrepancy between the actual amount of coal on hand and that recorded on the books of the utility should likewise be taken care of in this account.

C B A 702.2. Water.

Include in this account the cost of water for boilers, for condensers, and for cooling engines; also boiler compound. Water used for general station purposes should not be included.

If water is purchased, charge at the contract price or the meter rate.

If water is pumped by the company, charge here the cost of pumping.

This account should include all labor cost in connection with the handling of water, such as operating the pumping station, and expense, such as cost of chemicals used in purification and filtration.

C B 702.3. Miscellaneous Supplies and Expenses.

A 702.31. Lubricants

The account shall include the cost of lubricants for machinery in the steam generating plant. This does not include oil for transformers, grease for wagons or oil for lanterns, etc.

Oil used in pumping station should be charged against account No. 702.2, "Water."

A 702.32. Production Supplies

This account shall include the cost of all supplies, tools, etc., used in the steam generating plant which are consumed in the operating process, the replacement of which does not constitute a repair or renewal.

Principal item: Waste, packing, wipers, gauge glasses, gauge washers, manhole gaskets, handhole gaskets, fire-room tools, steam and air hose, boilers, screws, nails, tools; dynamo brushes.

A 702.33. Station Expense

This account shall include the general and miscellaneous expenses in the steam generating plant not specifically chargeable to other accounts.

Principal items: Lighting, heating and cleaning system, fire protection system, janitors' supplies, ice water, meals and car fares, stationery, telephone and toilet service, care of streets, yards and sidings. Minor rents may be included. (See general expense account No. 781.31, "Rentals.")

This does not include miscellaneous labor, which is cared for under account No. 701.5, "Miscellaneous labor."

MAINTENANCE

703. Maintenance of Power Plant.

C B A 703.1. Maintenance of Station Buildings.

This account shall include the cost of maintaining steam power plant buildings and permanent fixtures therein, including furniture, as follows:

a. SUNDRIES—Repairs to furniture, fixtures and other such property in and about the steam generating plant not specifically provided for elsewhere. Alterations, if not provided for by a reserve, should be charged under this classification.

b. STATION STRUCTURES—Repairs to buildings and permanent fixtures therein.

Principal items: Plumbing, windows, sashes, roof, doors and walls, heating and lighting systems, grounds and streets, vaults, sheds, pits, sidewalks, elevators, lockers, fire protection system, painting.

C B 703.2. Maintenance of Steam Equipment.

A 703.21. Maintenance of Furnaces and Boilers

This account shall include the cost of maintaining boilers and furnaces and their specially provided foundations and settings.

Principal items: Brickwork, metal, smokestacks, bridge, wall arches, jambs, grate bars, stoker bars and webbs, furnaces, valves, superheaters, damper regulators, tubes.

A 703.22. Maintenance of Boiler Apparatus

This account shall include the cost of maintaining feed water, coal and ash handling systems, and auxiliary apparatus in the fireroom.

Principal items: Feed pumps, blower engines, coal conveyors, diggers, trolley and cable towers, crusher and belt lines, brackets, wheels, chutes, and gates; ash-conveyor-cars, winches, motors, buckets, shaft, chain, and wheels; filters, boiler-compound injector and pump; heaters, primary and secondary; economizers and water meters.

A 703.23. Maintenance of Steam Accessories

This account shall include the cost of maintaining the piping system in connection with the making of steam and delivery thereof to the prime movers. This covers those steam accessories included in fixed capital account No. 313, "Boiler plant equipment," i. e., those not considered a part of the steam engine.

Principal items: Water-feed piping, cold main, hot main, water suction, valves, joints, jackets, ash-pit drains and ash-pocket siphons, oil drains from engine crank pits, receiving tanks, filter pumps to engine valve, steam and exhaust line systems, sewer connections, and air line.

Note.—When the system for supplying boiler or condenser water is elaborate, as when it includes a dam, reservoir, canal and pipe line, the cost of maintaining it shall be charged to a special subaccount under account No. 703.1, "Maintenance of station buildings," with the title, "Maintenance of water supply structures—Steam."

A 703.24. Maintenance of Steam Engines

This account shall include the cost of maintaining steam engines, whether reciprocating or rotary, used in the power plant. This covers the cost of maintaining apparatus auxiliary to the prime mover, such as condensers, tubes, heads, doors, etc., pumps, air and circulating, wet vacuum, dry vacuum and oil systems, but not the power conveying apparatus.

Note.—This account may be subdivided between the expense of maintaining the prime mover and the expense of maintaining the auxiliary apparatus.

A 703.25. Maintenance of Turbo-generator Units

This account shall include the cost of maintaining steam turbine-driven generating units. This covers the cost of maintaining condensers, air and circulating pumps, lubricating systems and similar appurtenant apparatus, but not the cost of maintaining the steam pipe leading from the boiler nor the exhaust pipe.

Note.—This account may be subdivided to show separately the cost of maintaining the prime mover and the appurtenant apparatus.

C B 703.3. Maintenance of Electrical Equipment.

A 703.31. Maintenance of Main Generators

This account shall include the cost of maintaining dynamos, alternators and other electric generating apparatus driven by steam.

A 703.32. Maintenance of Exciting Apparatus

This account shall include the cost of maintaining exciters, motors, motor generators, boosters, regulators and exciting batteries used in the steam generating plant.

A 703.33. Maintenance of Control and Protective Equipment

This account shall include the cost of maintaining switches, circuit breakers, busses, current and potential transformers, relays, indicating and recording instruments and switchboard panels, lightning arresters, reactances and ground resistances used in the steam generating plant, and wires and cables used in conjunction with the foregoing.

A 703.34. Maintenance of Transformers and Converting Apparatus

This account shall include the cost of maintaining transformers and converting apparatus in the steam generating plant other than that user primarily for transmission and distribution purposes.

C B A 703.4. Maintenance of Miscellaneous Power Plant Equipment.

This account shall include the cost of maintaining miscellaneous equipment such as belts, pulleys, hangers, countershafts, machine tools, cars, locomotives, locomotive cranes for power plant purposes, and all other equipment properly includible in fixed capital account No. 317, "Miscellaneous power plant equipment—Steam."

This account shall also include the cost of maintaining tools and implements assigned to the steam power plant, such as blacksmiths', machinists' and pipefitters' tools, pump-room tools, engine tools and cutting tools.

MISCELLANEOUS STEAM

C B A 704. Steam Generated—Apportionment Account.

This account will be raised only by companies operating, in connection with electric utilities, other utilites or departments which make demand upon the same boiler plant.

Where a demand of this character is made upon a boiler plant, the expenses incident to generating steam shall be transferred from the foregoing accounts to this account at the close of the period. The total cost of generating steam as then shown shall be apportioned to the utilities or departments using the steam, by credits to this account. The balances remaining in this account will represent the cost of steam for generating electric energy.

The details of the cost of generating steam, and the amounts apportioned to the different utilities or departments using the steam, and the basis used for the apportionment will be called for in the annual report to the regulatory commission.

C B A 705. Steam from Other Sources.

This account shall include the cost of all purchased or jointly produced steam consumed in the generating plant.

HYDRO-ELECTRIC GENERATION

OPERATION

C B 706. Superintendence and Labor.

A 706.1. Superintendence

This account shall include the salaries of superintendents and assistants, chemists, day and night foremen and station clerks, and also that portion of the salaries of the engineering staff chargeable to hydro-electric generating plant operations.

A 706.2. Hydro-electric Labor

This account shall include the wages of all employes operating the hydraulic works, including foremen, intake operators, flume patrolmen, cleaners at reservoirs and screens and all other employes whose duties concern the operation of the hydro-electric development outside of the generating station.

A 706.3. Station Labor

This account shall include the wages of station operators, helpers and oilers engaged in operating the station equipment, beginning at end of penstock and ending where the electric current leaves the generating station.

The wages of employes engaged in operating conversion equipment used primarily for transforming electric energy in voltage or frequency for the purpose of transmitting or distributing it more efficiently shall not be charged to this account, but to the appropriate account under transmission or distribution expenses.

A 706.4. Miscellaneous Labor

This account shall include salaries and wages of all employes in and about the hydro-electric generating plant engaged in operating the plant. This covers such labor as that of watchmen, janitors, elevator men and messengers; employes engaged in cleaning buildings and yards, and general labor not chargeable to any of the foregoing hydro-electric power plant labor accounts, excluding maintenance labor.

707. Power Plant Supplies and Expenses.

C B A 707.1. Water for Power.

This account shall include the cost of water purchased for water power generation.

C B 707.2. Miscellaneous Supplies and Expenses.

A 707.21. Lubricants

This account shall include the cost of lubricants for hydro-electric prime movers, machinery connected therewith and auxiliary pumping and exciting machinery. This does not include transformer oil, wagon grease or oil for lanterns.

This account also includes the cost of recovering oil from waste and the cost of filtering and handling.

A 707.22. Production Supplies

This account shall include the cost of all supplies, tools, etc., used in the water power generating plant which are consumed in the operating process, the replacement of which does not constitute a repair or renewal.

Principal items: Waste, packing, wipers, gauge glasses, gaskets, bolts, screws, nails, dynamo and motor brushes, can for containing rags and waste, transformer oil and hand oil cans.

A 707.23. Station Expense

This account shall include the general and miscellaneous expenditures in water power generating plant not specifically chargeable to other accounts.

Principal items: Lighting, heating and cleaning systems, fire protection systems, janitors' supplies, ice water, meals and carfares, stationery, telephone and toilet service, care of streets, yards and sidings. Minor rents may be included. (See General expense account No. 781.31, "Rentals.")

This does not include miscellaneous labor, which is provided for under account No. 706.4, "Miscellaneous labor."

C B A 707.3. Operation of Railway (Oregon).

This account shall include that portion of the cost of operation of the investment included in fixed capital account 319-R, "Construction railway," which is properly assignable to operating expenses.

MAINTENANCE

708. Maintenance of Power Plant.

C B A 708.1. Maintenance of Station Buildings.

This account shall include the cost of maintaining hydro-electric power plant buildings and permanent fixtures therein, including furniture, as follows:

a. SUNDRIES—Repairs to furniture, fixtures and other such property in and about the generating plant not specifically provided for elsewhere. Alterations, if not provided for by a reserve, should be charged under this classification.

b. STATION STRUCTURES—Repairs to buildings and permanent fixtures therein.

Principal items: Plumbing, windows, sashes, roof, doors and walls; heating and lighting systems; grounds and streets, vaults, sheds, pits, sidewalks, elevators; lockers, fire protection system and painting.

C B 708.2. Maintenance of Reservoirs, Dams, and Waterways.

A 708.21. Maintenance of Reservoirs, Dams, and Intakes

This account shall include the cost of maintaining reservoirs, dams and intakes with their appurtenant structures and facilities such as gates, raising and lowering apparatus, wasteways, spillways, fish ladders, etc.

A 708.22. Maintenance of Navigation Facilities

This account shall include the cost of maintaining locks, booms, sluices, regulating gates and other appurtenant structures and facilities for navigation purposes.

A 708.23. Maintenance of Waterways

This account shall include cost of maintaining canals, ditches, flumes, tunnels, pipe lines, and other appurtenant structures and facilities.

A 708.24. Maintenance of Forebays, Penstocks and Tailraces

This account shall include the cost of maintaining forebays, penstocks, tailraces, and other appurtenant structures and facilities.

A 708.25. Maintenance of Way and Cars

This account shall include the cost of maintaining rolling stock; roadbed and steel in connection with spur tracks, tramways, inclines, freight cars, barges, etc., which are a part of the hydro-electric development.

A 708.26. Maintenance of Telephone System

This account shall include the cost of maintaining telephone lines, telephone apparatus and switchboards of the telephone system in the water power generating station and between the station and the headworks.

A 708.27. Maintenance of Production Roads and Trails

This account shall include the cost of maintaining roads, trails, bridges, tramways, and railways used primarily in connection with hydro-electric production of electricity; also the cost to the accounting company of maintaining roads dedicated to public use.

C B 708.3. Maintenance of Hydro-electric Equipment.

A 708.31. Maintenance of Water Turbines and Water Wheels

This account shall include the cost of maintaining water wheels and governors and their accessories. This covers all equipment from penstocks to tailraces, such as gates, valves, pumps, piping, etc., used in connection with water wheels and governors.

Principal item: Water wheels and housing, needle valves, nozzles, deflecting hoods, relief valves, air compressors for surge tanks, pumps for governors and necessary piping in connection therewith.

A 708.32. Maintenance of Turbo-generator Units

This account shall include the cost of maintaining hydraulic turbine-driven generator units and all appurtenant apparatus. This covers the cost of maintaining air and circulating pumps, lubricating systems, valves, governors, draft tubes, etc.

Note: This account may be subdivided to show separately the cost of maintaining the prime mover and the cost of maintaining the electric generator.

A 708.33. Maintenance of Main Generators

This account shall include the cost of maintaining dynamos, alternators and other electric generating apparatus driven by hydraulic power.

A 708.34. Maintenance of Exciting Apparatus

This account shall include the cost of maintaining exciters, motors, motor generators, boosters, regulators and exciting batteries used in the water power generating plant.

A 708.35. Maintenance of Control and Protective Equipment

This account shall include the cost of maintaining switches, circuit breakers, busses, current and potential transformers, relays, indicating and recording instruments and switchboard panels, lightning arresters, reactances and ground resistances used in the water power generating plant, and wires and cables used in conjunction with the foregoing.

A 708.36. Maintenance of Transformers and Converting Apparatus

This account shall include the cost of maintaining transformers and converting apparatus in the water power generating plant other than that used primarily for transmission and distribution purposes.

C B A 708.4. Maintenance of Miscellaneous Power Plant Equipment.

This account shall include the cost of maintaining miscellaneous equipment, such as belts, pulleys, hangers, countershafts, machine tools, cars, locomotives, locomotive cranes for power plant purposes, and all other equipment properly includible in fixed capital account No. 323, "Miscellaneous power plant equipment—Hydro."

This account shall also include the cost of maintaining tools and implements asigned to the hydro-electric plant, such as blacksmiths', machinists', and pipe-fitters' tools, cutting tools, etc.

C B A 708.5. Maintenance of Railway (Oregon).

This account shall include that portion of the cost of maintenance of the investment included in fixed capital account 319-R, "Construction railway," which is properly assignable to operating expenses.

GAS GENERATION

OPERATION

C B 709. Superintendence and Labor.

A 709.1. Superintendence

This account shall include the salaries of superintendents and assistants, chemists, day and night foremen, and station clerks; and also that portion of the salaries of the engineering staff chargeable to gas power generating plant operations.

A 709.2. Fuel Labor

This account shall include the cost of all labor engaged in the handling of fuel from storage to the point of use whether such fuel is to be used in a producer gas process or directly in internal combustion engines. It shall include all other operating labor in the production of producer gas and the handling of residuals from the building to the point where such residuals are placed when removed from the building. It does not include maintenance labor.

A 709.3. Engine Labor

This account shall include the cost of all labor on prime movers.

Principal item: Chief engineer and assistants, engineers, oilers, wipers, and machinists.

A 709.4. Electrical Labor

This account shall include the cost of all labor in connection with electrical apparatus and devices beginning with the dynamos direct connected or belted to the prime movers and including the switchboard, feeder terminal board and to where the electric current leaves the station for the transmission or distribution system.

Principal items: System operators or load dispatchers, foremen regulators, regulators and assistant switchboard men, brushmen, wipers, and wiremen.

A 709.5. Miscellaneous Labor

Include in this account the pay of all employees in and about the gas power generating plant engaged in operating the plant, whose time is not chargeable to any of the foregoing gas power plant labor accounts. This covers such labor as that of watchmen, janitors, elevator men, and messengers; employees engaged in cleaning buildings and yards; and all other general labor; excluding maintenance labor.

710. Power Plant Supplies and Expenses.

C B A 710.1. Engine Fuel.

Include in this account the cost of all fuel, such as kerosene, gasoline, and oil used in internal combustion engines. Where the producer-gas process is used it should include the cost of fuel used for producing gas. The cost should be f. o. b. the power station, and should cover the invoice cost of fuel, freight, switching, demurrage, cost of transfer from cars or boats to wagons, cartage to point of delivery at plant for storage, and cost of transfer to storage. In case fuel is transferred from one place of storage to another, such cost should also be included. Any discrepancy between the actual amount of fuel on hand and that recorded on the books of the utility should likewise be taken care of in this account.

C B 710.2. Miscellaneous Supplies and Expenses.

A 710.21. Water

Include in this account the cost of water used in the production of gas for power purposes and water used for cooling gas prime movers or other internal-combustion engines.

If water is purchased, charge at the contract price or the meter rate.

If water is pumped by the company, charge here the cost of pumping.

This account should include all labor costs and expenses in connection with the handling of water, such as operating the pumping station, and chemicals used in purification and filtration.

A 710.22. Lubricants

This account shall include the cost of lubricants for the moving of machinery in the gas power generating plant. This does not include oil for transformers, grease for wagons, or oil for lanterns, etc.

Oil used in pumping station should be charged against account No. 710.21, "Water."

A 710.23. Production Supplies

This account shall include the cost of all supplies, tools, etc., used in the gas power generating plant which are consumed in the operating process, the replacement of which does not constitute a repair or renewal.

Principal items: Waste, packing, wipers, gauge glasses, gauge washers, manhole gaskets, handhole gaskets, fuel room tools, steam and air hose, boilers, screws, nails, tools, dynamo brushes.

A 710.24. Station Expense

This account shall include the general and miscellaneous expenditures in the gas power generating plant not specifically chargeable to other accounts.

Principal items: Lighting, heating and cleaning system, fire protection system, janitors' supplies, ice water, meals and carfares, stationery, telephone and toilet service, care of streets, yards, sidings. Minor rents may be included (See general expense account No. 781.31, "Rentals.")

This does not include miscellaneous labor, which is carried under account No. 709.5, "Miscellaneous labor."

MAINTENANCE

711. Maintenance of Power Plant.

C B A 711.1. Maintenance of Station Buildings.

This account shall include the cost of maintaining gas power plant buildings and permanent fixtures therein, including furniture, as follows:

a. SUNDRIES—Repairs to furniture, fixtures, and other such property in and about the gas power generating plant not specifically provided for elsewhere. Alterations, if not provided for by a reserve, should be charged under this classification.

b. STATION STRUCTURES—Repairs to buildings and permanent fixtures therein.

Principal items: Plumbing, windows, sashes, roof, doors and walls; heating and lighting systems; grounds and streets, walks, sheds, pits, sidewalks, elevators, lockers, fire protection system, painting.

C B 711.2. Maintenance of Gas Equipment.

A 711.21. Maintenance of Fuel Holders, Producers, and Accessories.

Include in this account the cost of maintaining all storage tanks, facilities, apparatus, etc., used for the storage of fuel or the production of gas to be used for power purposes in the generation of electric energy. This covers the cost of repairing gas conductor, exhaust pipe, and other auxiliary gas-producing apparatus; and also producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhauster outfit, and other similar apparatus as well as specially provided boilers, pumps, flues and pipes, coal and ash conveyors and accessory equipment, blower engines, holders, and all similar auxiliary equipment.

A 711.22. Maintenance of Engines and Turbines

This account shall include the cost of maintaining gas engines and turbines devoted to the production of electric energy, including valves, governors, and ignition and starting apparatus. The maintenance of power apparatus, such as shafts, belts, etc., should not be charged to this account.

C B 711.3. Maintenance of Electric Equipment.

A 711.31. Maintenance of Main Generators

This account shall include the cost of maintaining dynomas, alternators, and other electric-generating apparatus driven by gas power.

A 711.32. Maintenance of Exciting Apparatus

This account shall include the cost of maintaining exciters, motors, motor generators, boosters, regulators and exciting batteries used in the gas power generating plant.

A 711.33. Maintenance of Control and Protective Apparatus

This account shall include the cost of maintaining switches, circuit breakers, busses, current and potential transformers, relays, indicating and recording instruments and switchboard panels, lightning arresters, reactances and ground resistances used in the gas generating plant, and wires and cables used in conjunction with the foregoing.

A 711.34. Maintenance of Transformers and Converting Apparatus

This account shall include the cost of maintaining transformers and converting apparatus in the gas power generating plant other than that used primarily for transmission and distribution purposes.

C B A 711.4. Maintenance of Miscellaneous Power Plant Equipment.

This account shall include the cost of maintaining miscellaneous equipment, such as belts, pulleys, hangers, countershafts, machine tools, cars, locomotives, locomotive cranes for power plant purposes, and all other equipment properly includible in fixed capital account No. 327, "Miscellaneous power plant equipment—Gas."

This account shall include the cost of maintaining tools and implements assigned to the gas power plant, such as blacksmiths', machinists', and pipefitters' tools; engine tools and cutting tools.

MISCELLANEOUS—GAS

C B A 712 Power Gas from Other Sources.

This account shall include the cost of all purchased or jointly produced power gas consumed in the gas power generating plant.

MISCELLANEOUS PRODUCTION ACCOUNTS

C B A 713. Electric Energy from Other Sources.

This account shall include the cost at the point of delivery to the accounting company of all electric energy purchased for resale or jointly produced.

Note A.—If the accounting company actually exchanges power with another company, i.e. if, the agreement between them provides that the receiving company shall pay the producing company a price barely sufficient to cover the average production expense per unit of energy delivered, then the accounting company shall charge to this account the amount that it pays the other company which is a party to such agreement and credit this account with the amount which it receives. If the agreement provides for the payment by the receiving company of more than the bare production expense per unit, the amount received shall be credited by the producing company, not to this account, but to the appropriate operating revenue account.

Note B.—Current purchased at established tariff rates from other companies for lighting offices, stations, etc., or other similar purposes connected with the operations of the accounting company shall not be charged to this account but to the appropriate departmental expense account.

C B A 714. Duplicate Production Charges—Cr.

This account shall be credited with all charges made to production accounts for electric energy consumed at works and generating stations and not otherwise provided for.

C B A 715. Production Expenses Transferred—Cr.

This account shall include such part of the accounting company's expense of producing electric energy as is properly chargeable to another coordinate department, as, for example, an electric railroad or a gas department.

720. TRANSMISSION EXPENSES

721. Transmission Operation and Maintenance

OPERATION

C B A 721.1. Superintendence.

This account shall include the pay and traveling and incidental expenses of the superintendent, his assistants and clerks employed in supervising the operation and maintenance of the transmission system; also the cost of making maps and records, the cost of stationery and printing and other miscellaneous office supplies and expenses of the transmission superintendent's office.

Note.—The accounting company may set up subaccounts under this general heading, if it so desires.

C B A 721.2. Substation Labor.

Include in this account the pay of substation operators and other employes in substations devoted to transmission purposes, also the cost properly chargeable to operating expenses of the labor expended in changing transmission transformers.

C B A 721.3. Substation Supplies and Expenses.

Include in this account the cost of supplies for and expenses incurred in connection with the operation of transmission substations, such as car fares, meals, telephone rentals and tolls, stationery and printing, oil and waste, water, heat, janitor supplies, etc., which are not specifically provided for elsewhere; also the cost properly chargeable to operating expenses (exclusive of labor) incident to changing transmission transformers.

C B 721.4. Operation of Transmission Lines.

A 721.41. Labor and Expense, Underground Conduits

Include in this account the pay of employees and expenses incurred in connection with the inspection and cleaning of subway ducts, manholes, and sewer connections for transmission lines.

A 721.42. Labor and Expense, Poles, Towers and Fixtures

This account shall include the pay and expenses of patrolmen, testers, etc., employed on overhead transmission lines, also the cost of trimming trees along and of clearing brush and other refuse from the transmission right of way after the transmission line has been placed in operation.

A 721.43. Labor and Expense, Overhead Conductors

This account shall include the wages and expenses of patrolmen, testers, etc., employed on overhead transmission lines.

A 721.44. Labor and Expense, Underground Conductors

Include in this account the pay and expenses of patrolmen, testers, etc., employed on underground transmission lines.

A 721.45. Miscellaneous Supplies and Expenses

This account shall include miscellaneous items of transmission expenses not provided for in the foregoing transmission operating accounts. Minor rents may be included. (See General expense account No. 781.31, "Rentals.")

MAINTENANCE

C B A 721.5. Maintenance of Structures.

This account shall include the cost of maintaining transmission substation buildings and other structures. The principal items to be included in this account are repairs to buildings and all permanent fixtures therein and appurtenant thereto and the cost of maintaining grounds, streets, drives, sidewalks, vaults, pits, sheds and permanent foundations of apparatus, which are included as a part of the cost of the structures in which located.

C B A 721.6. Maintenance of Substation Equipment.

This account shall include the cost of maintaining transformers, transmission switches, switchboards and connected equipment, cooling systems, etc. Include also in this account the cost of maintaining outdoor transmission substation equipment and appurtenances.

C B A 721.7. Maintenance of Underground Conduits.

This account shall include the cost of maintaining subways and underground conduits carrying transmission conductors. This includes the cost of repairs of ducts, manholes, sewer connections and traps and of paving over such subways, but not the cost of repairing conductors or the insulation thereof.

C B 721.8. Maintenance of Transmission Lines.

A 721.81. Maintenance of Poles, Towers, and Fixtures

This account shall include the cost of maintaining poles and cross-arms, braces, guys and other pole supports, fixtures and towers used in the transmission system. This account also covers such matters as painting poles, repairing streets and repairing sidewalks after pole renewals, etc.

A 721.82. Maintenance of Overhead Conductors

This account shall include the cost of maintaining all conductors, feeders, cable, wire, insulators, and insulating material used in overhead transmission systems.

A 721.83. Maintenance of Underground Conductors

This account shall include the cost of maintaining all conductors, cables, insulators, and insulating material used in the underground transmission system.

C B A 721.9. Maintenance of Roads and Trails.

This account shall include the cost of maintaining permanent roads, trails and bridges used in connection with the transmission system.

730. DISTRIBUTION EXPENSES

OPERATION

731. Distribution Operation.

C B A 731.1. Superintendence.

This account shall include the pay, traveling and incidental expenses of the superintendent, his assistants and clerks employed in supervising the operation and maintenance of the distribution system, also the cost of making maps and records, the cost of stationery and printing and other miscellaneous office supplies, telephone rental and tolls, janitor service, water, heat and other expenses of the distribution superintendent's office.

Note.—The accounting company may set up subaccounts under this general heading, if it so desires.

C B 731.2. Substation Expenses.

A 731.21. Substation Labor

This account shall include the pay of substation operators and of clerks, janitors and watchmen and of other employes in substations devoted to distribution purposes.

A 731.22. Substation Supplies and Expenses

Include in this account the cost of supplies for and expenses incurred in connection with the operation of distribution substations, such as car fares, meals, telephone rentals and tolls, stationery and printing, oil and waste, water, heat, janitor supplies, etc., which are not specifically provided for elsewhere.

C B 731.3. Storage Battery Expenses.

A 731.31. Storage Battery Labor

This account shall include the wages of battery men, including inspectors and testers.

A 731.32. Storage Battery Supplies and Expenses

Include in this account the cost of acid and distilled water in cells, soda, sponges, brooms, mops, waste, rags, hydrometers, thermometers, automatic cell fillers; rubber hose, gloves, shoes, paint, etc., and brushes for boosters and compensators.

C B 731.4. Operation of Distribution Lines.

A 731.41. Labor and Expenses, Underground Conduits

Include in this account the pay of employes and expenses incurred in connection with the inspection and cleaning of subway ducts, manholes, and sewer connections for distribution lines.

A 731.42. Labor and Expenses, Poles, Towers, and Fixtures

This account shall include the pay and expenses of patrolmen, testers, etc., employed on overhead distribution lines, and the cost of trimming trees along and of clearing brush and other refuse from the distribution right of way after distribution line has been placed in operation.

A 731.43. Labor and Expenses, Overhead Conductors

Include in this account the pay and expenses of patrolmen, testers, etc., employed on underground distribution lines.

overhead

A 731.41. Labor and Expenses, Underground Conductors

Include in this account the pay and expenses of patrolmen, testers, etc., employed on ~~overhead~~ underground distribution lines.

A 731.45. Miscellaneous Supplies and Expenses

This account shall include all expenses incurred in connection with the operation of the distribution system not specifically chargeable to other accounts. Minor rents may be included. (See General expense account, No. 781.31, "Rentals.")

C B 731.5. Meter Operation (Oregon).

A 731.51. Salaries and Expenses Meter Department

This account shall include the salaries and expenses of superintendents and clerks in meter department, and also that portion of the salaries of the engineering staff chargeable to that department.

A 731.52. Testing Meters

This account shall include the cost of testing and inspecting meters on consumers' premises or in meter shops.

A 731.53. Miscellaneous Expenses, Meter Department

This account shall include such expenses as stationery, postage, telephone service, light, fuel, testers' tools and supplies. Minor rents may be included. (See General expense account No. 781.31, "Rentals.")

A 731.54. Removing and Resetting Meters

Include in this account the cost of resetting, changing, and removing meters on consumers' premises; also the cost of connecting and disconnecting service.

C B A 731.6. Removing and Resetting Transformers (Oregon).

This account shall include the cost of resetting, changing, inspecting, testing, and removing transformers on consumers' premises, or on poles or in manholes adjacent thereto, when such transformers are installed for the purpose of stepping down current from transmission or distribution voltages to the voltage at which it is used by the consumer.

Note—The National Classification numbers this account as "731.55."

MAINTENANCE

732. Distribution Maintenance.

C B A 732.1. Maintenance of Structures.

This account shall include the cost of maintaining distribution substation buildings and other structures. The principal items to be included in this account are repairs to buildings and all permanent fixtures therein and appurtenant thereto, and the cost of maintaining grounds, streets, drives, sidewalks, vaults, pits, sheds and permanent foundations and apparatus which are included as a part of the cost of the structure in which located.

C B A 732.2. Maintenance of Substation Equipment.

This account shall include the cost of maintaining distribution substation transformers, bus-bar structures, switchboards, switches and connected equipment and other distribution equipment, whether located in distribution substation buildings, in generating stations, on consumers' premises or outdoors.

C B A 732.3. Maintenance of Storage Battery Equipment.

This account shall include the cost of maintaining storage battery equipment, such as storage battery tanks, switches, regulating apparatus, boosters, and compensators, renewal of worn-out cells, including diaphragms, negative and positive plates, lead in strip, spelter, dry boards, tin bands, lamp black, and items of a similar nature.

C B A 732.4. Maintenance of Underground Conduits.

This account shall include the cost of maintaining subways and underground conduits carrying distribution conductors. This covers repairs of conduits, manholes, sewer connections and traps, and paving over such subways and all ducts and conduits but not any repairs of conductors or the insulation thereof.

C B 732.5. Maintenance of Distribution Lines.

A 732.51. Maintenance of Poles, Towers, and Fixtures

This account shall include the cost of maintaining poles and crossarms, braces, guys and other pole supports, fixtures and towers used in the distribution system. This account also covers such matters as painting poles, repairing streets and repairing sidewalks after pole renewals, etc.

A 732.52. Maintenance of Overhead Conductors

This account shall include the cost of maintaining all conductors, feeders, cable, wire, insulators and insulating materials used in the overhead distribution system.

C B A 732.53. Maintenance of Underground Conductors.

This account shall include the cost of maintaining all conductors, feeders, cable, wire, insulators and insulating materials used in the underground distribution system.

C B A 732.6. Maintenance of Services.

This account shall include the cost of maintaining services, both underground and overhead, leading from the mains to the consumers' premises.

C B A 732.7. Maintenance of Line Transformers (Oregon).

This account shall include the cost of maintaining line transformers, i. e. transformers installed for stepping down current from transmission or distribution voltages to the voltage at which it is used by the consumers. This covers renewing oil, repainting, rewinding, removing and replacing and repairs to such switches and cutouts on consumers' premises as are the property of the accounting company.

Note—The National Classification numbers this account as "A 732.71."

C B A 732.8. Maintenance of Consumers' Meters (Oregon).

This account shall include the cost of maintaining consumers' meters, such as replacing parts, putting in new jewels, cleaning and painting.

Note—The National Classification numbers this account as "A 732.72."

750. UTILIZATION

751. Utilization Operation and Maintenance.

OPERATION

C B 751.1. Commercial Lamps—Operation.

A 751.11. Commercial Arc Lamps

This account shall include the cost of trimming and inspecting arc lamps on consumers' premises.

Principal items: Trimming, inspecting, installing and removing lamps.

A 751.12. Incandescent Lamps—Installation

This account shall include the cost of the first installation of lamps on consumers' premises unless such cost is charged to the consumer or it is the policy of the company to capitalize such cost through charges to fixed capital account No. 341, "Commercial lamps."

A 751.13. Incandescent Lamps—Renewals

This account shall include the cost of renewing incandescent lamps on consumers' premises. This covers cartage and delivery expense, and cost of photometering lamps. This account should be credited with any rebate received for the return of stubs or allowances relating thereto.

C B 751.2. Consumers' Installation and Inspection Work.

A 751.21. Inspection—Consumers' Premises

This account shall include the cost of inspection of consumers' premises. This covers such matters as the charge for municipal certificates, charge for Board of Fire Underwriters' inspection certificates, and that portion of the salaries and expenses of the engineering staff, or of any other department than distribution department, engaged in technical work properly assignable to this account.

A 751.22. Consumers' Installations

This account shall include the cost of all labor and material furnished without charge to consumers for inside work.

Principal items: Attention to complaints or to improving the character of service, replacing or repairing wiring fixtures or electrical appliances, moving appliances from place to place in house, reconnecting appliances.

C B 751.3. Municipal Street Lamps—Operation.

A 751.31. Municipal Street Arc Lamps

This account shall include the cost of trimming, inspecting and operating municipal street arc lamps.

A 751.32. Municipal Street Incandescent Installation

This account shall include the cost of the first installation of municipal street incandescent lamps, unless such cost is charged to the municipality or it is the policy of the utility to capitalize such cost through charges to fixed capital account No. 342, "Street lighting equipment."

A 751.33. Municipal Street Incandescent Renewals

This account shall include the cost of renewing incandescent lamps. This covers cartage and delivery expense, and cost of photometering incandescent lamps. This account shall be credited with any rebate received for the return of stubs or allowances relating thereto.

MAINTENANCE

C B A 751.4. Maintenance of Commercial Lamps.

This account shall include the cost of maintaining commercial lamps on consumers' premises. This covers such matters as setting and removing lamps for repairs and adjustment, repair parts, testing during the adjustment and after repairs; also that portion of the arc lamp shop expense chargeable thereto.

C B 751.5. Maintenance of Municipal Street Lighting Equipment.

A 751.51. Maintenance of Municipal Street Arc Lamps

This account shall include the cost of changing municipal street arc lamps for repairs and adjustments, renewals, repairs of mast arms, hangers, poles, ropes, etc., and painting poles; also that proportion of arc lamp shop expense chargeable thereto.

A 751.52. Maintenance of Municipal Street Incandescent Lamps

This account shall include the cost of maintaining municipal incandescent street lamps and fixtures, including specially provided poles if such poles are properly chargeable to fixed capital account No. 342, "Street lighting equipment," which see. It does not include the cost of maintaining subways or conductors.

760. COMMERCIAL EXPENSES

C 761. Commercial Administration.

B A 761.1. Commercial General Labor.

Include in this account the cost of labor of superintendents and assistants, chief clerks, cashiers and assistants, stenographers, general clerks, high-bill clerks, switchboard operators, messengers, janitors, and watchmen employed in the commercial department.

B 761.2. Commercial Books and Contracts.

A 761.21. Commercial Bookkeeping

This account shall include the cost of labor of bookkeepers and clerks employed on consumers' accounts.

A 761.22. Commercial Contracts

This account shall include the cost of labor of clerks and other employes in the application or contract bureau.

B 761.3. Commercial Meter Reading and Collecting.

A 761.31. Commercial Collecting

This account shall include the cost of labor of regular and prepayment collectors. This covers cost of delivering bills and proportion of time of meter readers collecting from prepayment meters.

A 761.32. Meter Reading

This account shall include the cost of labor of meter readers.

B A 761.4. Commercial Supplies and Expenses.

Include in this account the cost of supplies, and the incidental expenses of the commercial office. This covers meter readers' lamps and car fare of employes in the commercial department. Minor rents may be included. (See General expense account No. 781.31, "Rentals.")

C B A 762. Agents' Commissions.

Include in this account the amount paid by the utility to agents as commission for distributing its electric energy over the agents' distribution lines and selling the same, and for all services performed in connection therewith. (See Operating revenue account 611, "Commissions on others' electric energy"; also, Operating revenue accounts, General instructions, Sec. 2, note B, p. 70.)

770. NEW BUSINESS EXPENSES

Note. General account 770, "New business expenses," is not intended to include any expense connected with merchandising and jobbing carried on as a separate department of the accounting company's business and not primarily for the purpose of obtaining new business for the electric department. If the accounting company sells merchandise or does jobbing work at or below cost for the purpose of inducing greater use of electric energy, a debit balance in the jobbing account due to such practice may be charged to "New business expenses," or subaccount 771.25, "Miscellaneous new business supplies and expenses."

C 771. New Business Expenses.

B 771.1. New Business Salaries.

A 771.11. New Business Management Salaries

Include in this account the pay of the officials and their assistants responsible for the administration of the department maintained for the promotion or development of consumption of electric energy, including that equitable portion of the salaries of management and clerks in agencies and contract departments assignable to new business.

A 771.12. New Business Advertising Salaries

This account shall include the salaries of the advertising manager and clerks.

B 771.2. New Business Supplies and Expenses.

A 771.21. Demonstrations

This account shall include the cost of labor and the expense incurred in demonstrating the use of electric appliances for the purpose of obtaining new business.

A 771.22. Wiring and Appliances

Include in this account the cost of wiring consumers' premises and of electric appliances, including delivery and connection charges and expense in connection therewith, supplied to consumers without charge in order to induce new business.

A 771.23. Advertising Supplies and Expenses

This account shall include the cost of supplies, stationery, and the incidental expenses of the advertising department. This covers such items as booklets, dodgers, newspaper advertising, posters, bulletins, and all related expenses.

A 771.24. Canvassing and Soliciting

This account shall include all expenses incurred in soliciting new business, such as wages, commissions, and personal expenses of canvassers, cost of preparing estimates, engineering advice on electric installation, etc., and office sundries in connection therewith.

A 771.25. Miscellaneous New Business Supplies and Expenses

Include in this account office and personal and incidental expenses of the promotion or new-business department, such as stationery and other office supplies, etc. Minor rents may be included. (See General expense account No. 781.31, "Rentals.")

780. GENERAL AND MISCELLANEOUS EXPENSES

781. Undistributed General Expenses.

C B 781.1. General Office Salaries.

A 781.11. Administrative Salaries

This account shall include the salaries of the chairman of the board, president, vice-president, treasurer, secretary, comptroller, general auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent and all other employes whose jurisdiction extends to the entire system and whose services can not be allocated to the several departments.

A 781.12. Other General Office Salaries

This account shall include the salaries of auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, janitors, porters, messengers, and other clerks and employes whose time is devoted to the work of the general office.

Note.—The cost of labor of clerks and other employes in the commercial department shall not be included in this account; but in account No. 761, "Commercial administration," or the appropriate subdivision thereof.

C 781.2. Miscellaneous General Expenses.

B A 781.21. General Office Supplies and Expenses

This account shall include the cost of office supplies, stationery, telegrams, telephone service, and the maintenance of office furniture; rental of office equipment, such as statistical machines, and all other miscellaneous expenses of general offices. Minor rents may be included. (See General expense account No. 781.31, "Rentals.")

Expenses of departmental employes should be charged to the appropriate departmental accounts.

B A 781.22. General Stationery and Printing

This account shall include the cost of stationery, stationery supplies and postage not elsewhere provided for.

Note A.—The cost of printing briefs and other legal papers should be charged to account No. 781.26, "Law expenses."

Note B.—The cost of printing signs, posters and other advertising matter should be charged to account No. 771.23, "Advertising supplies and expenses."

Note C.—The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized, should, if for use in general office, be charged to account No. 781.21, "General office supplies and expenses," or, if for the use of department offices, to the proper departmental accounts.

B A 781.23. Maintenance of General Structures

This account shall include the cost of maintaining general office buildings or other structures used for general purposes. This covers maintenance of walks, driveways, and grounds connected therewith, and all incidental expenses connected with the maintenance of such buildings or structures.

B A 781.24. Operation of Communication System

Charge to this account the pay and expenses of superintendent and assistants, and of clerks, patrolmen, testers, and inspectors, the cost of all supplies for and other expenses incurred in connection with the operation of the utility's communication system. This will include salaries and wages of employes at the main exchange, also the salaries and wages of employes in general offices operating switchboards on main line telephone system not owned by the utility.

Note.—Salaries and wages of telephone and telegraph operators in power plants, substations, stores, commercial offices, and at other points in the utility system shall be charged to the appropriate operating account at the location involved and not to this account.

B A 781.25. Maintenance of Communication System

This account shall include the cost of maintaining all telephone, telegraph and wireless buildings and other structures and equipment, the investment in which is carried in or classified under fixed capital accounts Nos. 312g-4, "Communication system structures," and 344e, "Telephone, telegraph and wireless system."

Note.—Include in this account only such charges in connection with hydro-electric production as are not included in account No. 708.26, "Maintenance of telephone system."

B A 781.26. Law Expenses

This account shall include all law expenses such as salaries and expenses of counsel, solicitors and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employes; court costs and payments of special notarial and witness fees not provided for elsewhere, expenses connected with taking depositions and all law and court expenses not provided for elsewhere.

B A 781.27. Insurance

Include in this account premiums paid for fire, fidelity, boiler, casualty, burglar, lightning, and all other insurance; also charges by which self-insurance is provided.

This account shall be credited with dividends paid or surplus returned to the utility in any other form by mutual insurance companies.

Note.—That portion of the premium for liability insurance based on the pay roll expended on construction accounts shall be charged to the construction accounts affected.

B A 781.28. Store Expenses

This account shall include all salaries and expenses in connection with storerooms. This covers the cost of sending materials and supplies from general storerooms to branch storerooms and the collection of scrap material.

To this account shall be credited all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

Note.—Expenses charged to this account may be distributed over materials passed through the stores department on the basis of a percentage of invoice cost of such materials, or other bases deemed appropriate by the management of the accounting company. Amounts so distributed should be credited to this account and charged to the accounts to which the cost of such materials is charged as they are issued or used. Credits should be made in such detail as to permit the accounting company to analyze them.

B A 781.29. Transportation Expenses

This account shall include the cost of feed, keep and shoeing of horses, wages of stablemen, hostlers, veterinary expenses, and all other expenses of stabling horses; also wages of garage men, cost of gasoline, lubricants, and other garage supplies, and the cost of repairing harness and vehicles.

Note A.—The cost of horses purchased to replace others should be charged to account No. 344, "General equipment."

Note B.—Charges to this account may be distributed to the work done by the stable and garage equipment on the basis of hourly rates, rates per ton per mile hauled, or other bases deemed appropriate by the management of the accounting company. Amounts so distributed should be credited to this account and charged to the account representing the construction or operation benefited. Credits should be made in such detail as to permit the accounting company to analyze them.

B A 781.30. Undistributed Adjustments

At least once a year an inventory of materials and supplies should be taken and the difference in respect of any particular class of materials and supplies between the ledger and inventory balances should be debited or credited to this account in case it cannot be assigned to a specific account.

This account shall also be charged or credited with miscellaneous minor operating items of such a nature that an exact distribution among the accounts to which they are applicable cannot be determined. This covers such transactions as receipts from sale of junk.

Note.—Where materials and supplies have been used in construction as well as in operation a suitable proportion of the shortages or overages disclosed by the inventory shall be debited or credited to account No. 356, "Miscellaneous construction expenditures."

B A 781.31. Rentals (Oregon)

Charge to this account all rentals paid and expenses incurred for buildings or space used for the purposes of the business (note exception below), unless the premises are used solely for construction purposes or in connection with a clearing or apportionment account, in which latter events the rentals should be charged accordingly.

Wherever possible these rentals shall be charged to the departmental account interested, such as production, transmission, distribution, commercial, new business, or miscellaneous expenses.

B A 781.32. Other Miscellaneous General Expenses

This account shall include the cost of publishing and distributing annual reports to stockholders, advertising notices of stockholders' meetings, dividend notices and other corporate and financial notices of a general character, association dues, contributions for conventions and meetings of the industry, cost of experimental work conducted for the benefit of the industry or the improvement of service, traveling and incidental expenses of general officers and other general office employes, fees of transfer agents, registrars of stock, and fiscal agents, directors' fees, compensation to management corporations, and other miscellaneous expenses connected with the general management not otherwise provided for.

C B A 782. Depreciation Expense (Oregon).

This account shall include such amounts as the accounting company (or the commission, after investigation) may determine to be equitably chargeable to the operation of the current accounting period, in order to provide a reserve against which may be charged the original cost of fixed capital retired from service, plus the cost of dismantling, less salvage. The amounts charged to this account, or appropriated from surplus and credited to the "Depreciation reserve" shall be in addition to the necessary costs of keeping the plant and equipment in a high state of efficiency through charges to the regular maintenance accounts.

Where there is a large variation in the annual charges to maintenance, authorization may be obtained from the commission to regularly charge to this account such complementary amounts as with the expenditures for maintenance will equal the average or normal amount necessary for the annual upkeep of the property.

This account shall also include such amounts as are determined to be necessary to amortize the balances held in suspense in subaccount 132.1, "Extraordinary casualties and other items authorized to be amortized through charges to operating expenses."

C B 783. Injuries and Damages.

A 783.1. Claim Department Expenses

This account shall include salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims.

A 783.2. Medical Expenses

This account shall include salaries, fees, and expenses of surgeons and doctors, hospital attendants, nursing, medical and surgical supplies; fees and expenses of coroners and undertakers; and contributions to hospitals.

A 783.3. Injuries to Employes

This account shall include amounts paid in settlement of claims of employes for injuries arising in their employment; also wages paid to disabled employes while off duty.

A 783.4. Other Personal Injuries and Property Damage

This account shall include amounts paid in settlement of claims of persons other than employes for personal injuries sustained in connection with the operation of the plant and amounts paid in settlement of claims for damage to property not owned by the utility.

A 783.5. Miscellaneous Accident Expenses

This account shall include all expenses in connection with accidents and damages not provided for in the foregoing accounts.

Note.—If it so desires, the accounting company may charge each month to "Injuries and damages" (or to the appropriate subaccounts) and credit to account No. 252, "Casualty and insurance reserve," a proportion of the total amount estimated to be necessary to expend during the year for injury and damage claims, and the actual disbursements above designated shall then be charged against said reserve account. The charges to this account shall be adjusted at the close of the fiscal year to actual expenses unless a balance remains representing liability for unsettled claims.

C B A 784. Regulatory Commission Expenses.

Include in this account the expenses incurred by the utility in its transactions with governmental regulative commissions. This covers fees and retainers and expenses of counsel, solicitors, attorneys, clerks, attendants, witnesses, and others whose services are secured specially for the defense or

prosecution of those petitions presented to a regulatory commission that affect the utility; the pay, traveling, and other expenses of those specially employed or assigned to ascertain the value of property owned or used by the utility; the cost of stationery and printing and engineering supplies consumed; and other necessary expenses of a similar character.

(Oregon.) Where expenses of the nature described are abnormal for any year and are not expected to recur annually they shall be charged to account 136.1, "Extraordinary deferred charges to operation," and amortized as provided therein.

This account does not include expenses for improvement of service, for additional inspection, etc., which are made necessary by the rules, regulations, or orders of a regulatory commission. Such expenses should be charged to the appropriate specific operating expense account.

Note.—Expenses incident to the sale or issue of securities should not be charged to this account but to the appropriate discount account. (See "Balance sheet accounts—General instructions and definitions" section 12, page 12.

C B 785. Relief and Welfare Work.

A 785.1. Employes' Welfare Department

This account shall include all salaries and expenses incurred in conducting accident prevention, relief, and welfare departments; also contributions made to such departments.

A 785.2. Pensions

This account shall include all pensions paid to retired employes and all expenses in connection therewith.

C B A 786. Franchise Requirements.

This account shall include the value at the normal selling price of all current and materials and supplies furnished municipal corporations in compliance with franchise requirements and for which no payment is received by the accounting company; also all direct expenses incurred in compliance with such requirements for which no reimbursement is received by the accounting company.

Amounts charged to this account for which there is no direct money outlay shall be credited to account No. 790, "Duplicate miscellaneous charges—Cr."

C B A 787. Amortization of Franchises.

This account shall include for each accounting period the amount charged to distribute the cost of limited franchises equitably over their lives. Amounts charged to this account shall be concurrently credited to fixed capital account No. 302, "Franchises."

C B A 788. Electric Expenses Transferred—Cr.

This account shall include such part of the operating costs (other than production expenses, for which see production account No. 715, "Production expenses transferred—Cr.") borne in the first instance by the accounting company's electric department as are properly chargeable to another coordinate department, such as an electric railway or gas department.

This is not intended to prohibit the apportioning of primary accounts between departments, and so far as practicable departmental costs should be determined in that way. There may, however, be cases where it is desirable to assign to other operations a flat percentage of total electric operating

expenses or of some group of electric operating expenses or some similar arbitrary amount, and in such cases the credit should be made to this account.

C B A 789. Joint Operating Expenses—Cr.

When any plant or equipment is maintained or operated by the accounting company for the joint benefit of itself and others under an arrangement for apportioning the operating expenses, the portion of such expenses chargeable to others under the arrangement may be credited to this account if it is based on a percentage of the total operating expenses or a percentage of the total of some group of primary operating expense accounts or determined in some similar fashion. So far as practicable, joint operating costs should be apportioned by primary accounts and that part of such cost borne in the first instance by the utility, but chargeable to the other party or parties to the joint agreement, should be credited directly to the primary accounts involved.

C B A 790. Duplicate Miscellaneous Charges—Cr.

This account shall include the concurrent credits for all charges which may be made to any operating expense account, except as provided for in account No. 714, "Duplicate production charges—Cr.," in respect of the consumption of electric energy produced or purchased primarily for resale by the utility; also all similar charges in respect of any services rendered for which there is no direct money outlay. This covers such items as current supplied to a municipality without charge in accordance with franchise requirements; current furnished to employes in lieu of wages; housing of employes as part compensation for their services, etc.

This account is optional to the extent that charges of the sort described, not involving any direct money outlay, are not required to be made. If the accounting company desires to make such charges, however, the concurrent credit must be to this account.

Simplified Form

OF

Uniform Classification of Accounts

FOR

Electrical Utilities

HAVING

Gross Annual Operating Revenues

OF

$10,000.00 or Less (Class D)

To be used in connection with

UNIFORM CLASSIFICATION OF ACCOUNTS

Prescribed by

PUBLIC SERVICE COMMISSION OF OREGON

Effective December, 1924

SIMPLIFIED FORM OF UNIFORM CLASSIFICATION OF ACCOUNTS

For Electrical and Water Utilities Having Gross Annual Operating Revenues of $10,000.00 or Less (Class D).

The following accounts consist of a combination of the Class A, B and C accounts of the Uniform Classification of Accounts adopted by this Commission on December 30, 1924. This classification should be consulted for the definition and explanation of each account comprising these combined accounts. They will be readily identified by the following scheme.

Accounts 10 to 19, inclusive, balance sheet accounts, are a combination of accounts 101 to 270, inclusive; accounts 20 to 29, fixed capital accounts, are combinations of accounts 301 to 384; accounts 30 to 39, income accounts, are combinations of 401 to 504; accounts 40 to 47, revenue accounts, are combinations of accounts 600 to 615; and accounts 50 to 59, operating expense accounts, are combinations of accounts 701 to 790, all inclusive.

Such accounts detailed with reference to account number and page of the Uniform Classification of Accounts (abbreviated U. C. A.) are as follows:

BALANCE SHEET ACCOUNTS

Asset Accounts

Class D Acct. No.		U. C. A. for Classes A, B, C Acct.			
10	This account is subdivided as follows:				
10-1	Fixed capital installed prior to July 1, 1913	357-1			
10-2	Fixed capital installed since July 1, 1913. All of account 101 (except 357-1 and 359)				14
10-3	Construction work in progress	359			
10-5	Property devoted to other operations	122			
10-8	Cash and deposits	111 and 126			16
11	Other investments, and reserve funds	121, 123	125		17
	The "Depreciation fund for Oregon", (U. C. A. 124—Or) should be kept as a separate subaccount numbered 11-B. "All other investments and funds" will be carried under a subaccount numbered 11-A.				
12	Accounts receivable, prepayments, etc.	112	115, 117	119	14
		131	143		19
13	Materials and supplies	116			15
14	Profit and loss—deficit.	130			
	Entry to this account will be made only when necessary to balance the asset and liability accounts, in which case there will be no entry in liability account 19 below.				

Liability Accounts

Class D Acct. No.		U. C. A. for Classes A, B, C Acct.	Page
15	Capital stock (Proprietor's Account)	201–204	21, 23
16	Long-term debt and notes payable	211, 212, 221	24, 25
17	Accounts payable, etc.	222 241, 261	25–27, 31
18	All reserves This includes the "Depreciation reserve for Oregon" which should be carried under a subaccount numbered 18-B, which will be credited annually with the amount charged to accounts E.59 or W.59 and charged with the proper amount of the value of all fixed capital retired as prescribed in U. A., Sec. 4, p. 35. "All other reserves" will be carried under a subaccount numbered 18-A.	251–257	28–30
19	Profit and Loss—surplus Entry to this account will be made only when necessary to balance the asset and liability accounts, in which case there will be no entry in asset account 14. Accounts 19 and 14 are the means whereby the income (profit and loss) account is carried to the balance sheet, and the one used must agree with the total surplus or total deficit, end of year, on page 6 of the annual report.	270	30

INCOME ACCOUNTS

31	Operating revenues	401	
32	Operating expenses	402	
33	Taxes assignable to operations Be careful to include only the tax assignable to the property used in the utility operations. Taxes assignable to other property should be included in account 364 below.	404	
34	Uncollectible operating revenue	403	
35	Net operating rent deductions	411–413	
36	Net nonoperating revenue This account should include all net revenues derived from property owned by the utility which is not devoted to the utility service.	421–427	61
37	Interest and other deductions from gross income	431–436	63
38	Dividends on outstanding stock (Proprietor's withdrawals	442 and 501	64
39	Other deductions from, or additions to Profit and Loss, net	441–443, 502–504	64

FIXED CAPITAL ACCOUNTS

Class D Acct. No.		U. C. A. for Classes A, B, C Acct.	Page
101	Fixed capital installed prior to July 1, 1913 ..... This covers the fixed capital invested before the effective date of the Uniform Classification of Accounts of 1913, and if divided into subaccounts, should be so reported on page 8 of the annual report. There will be no additions to this account, and, as the old property becomes worn out and is retired, this account will correspondingly diminish.	357, f	54
102	Fixed capital installed since July 1, 1913, 101 (except 357.1 and 359) ..... This account for fixed capital installed since the effective date above referred to will be subdivided as follows:		54

Electric

120	Intangible capital			
121	Landed capital, devoted to electric operations	301–303		38, 39
122 a	Production structures	311		39
122 b	Production equipment	312 a, b, c, 318, 319		40–43
123 a	Substation and distribution structures	313–317, 320–327	42–43, 44–46	
123 b	Substation equipment	312 d, e		40
124 a	Transmission capital	328, 329		46
124 b	Distribution capital	330 a–333 a, 334		47, 48
125	Consumers' meters	330 b–333 b, 335–337		47, 48
126	Municipal street lighting system	338, 339		49
127	Other utilization capital	342		49
128 a	General structures	340, 341, 343		49, 50
128 b	General equipment	312 f, g		40
129	Interest and other undistributed construction expenditures	344, 345		50, 51
		351–356		51–54

OPERATING REVENUE ACCOUNTS—Electric

	Municipal service, electric ..... Where municipal lighting and power are charged at the tariff rates, for similar service, they may be included in the proper commercial account below.	605, 606	71
	Commercial lighting, flat rate		
	Commercial lighting, metered	602	71
	Commercial power, flat rate	601	71
	Commercial power, metered	602	71
	Miscellaneous service, electric	601	71
	Miscellaneous revenues from operations, electric ..... Please note that both charges and credits are to be made to this account, and that the net profit only is to be entered in the annual report.	603, 604	71
		611–615	72, 73

OPERATING EXPENSES—Electric

Class D Acct. No.		U. C. A. for Classes A, B, C Acct.	Page
E 50	Production expenses, hydraulic		
a	Operation	706–707	86, 87
b	Maintenance	708	87, 88
E 51	Production expenses, steam (or gas)		
a	Operation, and miscellaneous		
	Steam	701–702, 704, 705	82, 83, 85
	Gas	709–710, 712	89, 90
b	Maintenance		
	Steam	703	84, 85
	Gas	711	91, 92
E 52	Electric energy from other sources, etc.	713–715	92
E 53-a	Transmission and high tension transformation expenses		
a	Operation	721.1–721.45	93
b	Maintenance	721.5–721.9	94
E 54	Distribution expenses		
a	Operation	731	95, 96
b	Maintenance	732	96, 97
E 55	Utilization expenses, commercial		
a	Operation	751.1–751.2	98
b	Maintenance	751.4	98
E 56	Utilization expenses, municipal street lighting		
a	Operation	751.3	98
b	Maintenance	751.5	99
E 57	Commercial, general and miscellaneous expenses	761–781	100, 103
E 58	Undistributed expenses	783–786, 788–790	104, 106
E 59	General amortization and depreciation		
	Electric	782, 787	104, 105
	Please note that amounts charged to operation under this account shall be credited to account 18-B.		

EXHIBIT 20

NATIONAL ASSOCIATION
OF
RAILROAD AND UTILITIES
COMMISSIONERS

Uniform System of Accounts
for
Electric Utilities

NATIONAL ASSOCIATION
OF
RAILROAD AND UTILITIES COMMISSIONERS

Uniform System of Accounts
for
Electric Utilities

Prepared and submitted by the Committee on Statistics and Accounts of Public Utility Companies of the National Association of Railroad and Utilities Commissioners at its 1936 Annual Convention held in Atlantic City, N. J., November 10-13, 1936. The Convention adopted the following Resolution:

"Whereas, The Committee on Statistics and Accounts of Public Utility Companies, after extended study and many conferences, has submitted proposed systems of accounts for gas and electric utilities; and

"Whereas, This Association believes that uniformity in utility accounting is most desirable in the public interest:

"Resolved, That the systems of accounts contained in the reports of said Committee be recommended to the Commissions represented in the membership of this Association for consideration, and for adoption in their respective jurisdictions, with such modifications only as they may deem necessary in the public interest."

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ORDER PRESCRIBING UNIFORM SYSTEM OF ACCOUNTS

It is recommended that there be inserted here a copy of the Commission's order prescribing the uniform system of accounts.

ABSTRACTS FROM LAW

It is recommended that there be inserted here abstracts from the statutes on the following subjects:

Authority for prescribing the uniform system of accounts.
Electric utility defined.
Penalties for violation of Commission's order on uniform system of accounts.

DEFINITIONS

When used in this system of accounts:

1. "Accounts" means the accounts prescribed in this system of accounts.

2. "Actually issued," as applied to securities issued or assumed by the utility, means those which have been sold to *bona fide* purchasers for a valuable consideration (including those issued in exchange for other securities or other property); also securities issued as dividends on stock, and those which have been issued in accordance with contractual requirements direct to trustees of sinking funds.

3. "Actually outstanding," as applied to securities issued or assumed by the utility, means those which have been actually issued and are neither retired nor held by or for the utility; provided, however, that securities held by trustees shall be considered as actually outstanding.

4. "Amortization" means the gradual extinguishment of an amount in an account by prorating such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

5. A. "Associated companies" means companies or persons that, directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the accounting company.

B. "Control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

6. "Book cost" means the amount at which property is recorded in these accounts without deduction of related reserves or other accounts.

As applied to utility plant, "book cost" means the amount at which property is included in account 100-6 or in accounts 100-1 to 100-4.

7. "Buildings." (See utility plant instruction 10.)

8. "Commission" means (here insert name of Commission prescribing the system of accounts).

9. "Construction cost, components of." (See utility plant instruction 5.)

10. "Cost" means the amount of money actually paid for property or services or the cash value at the time of the transaction of any consideration other than money. (See, however, utility plant instruction 3.)

11. "Cost of removal" means the cost of demolishing, dismantling, tearing down, or otherwise removing utility plant, including the cost of transportation and handling incidental thereto.

12. "Debt expense" means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

13. "Depreciation," as applied to depreciable utility plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities.

14. "Discount," as applied to the securities issued or assumed by the utility, means the excess of the par (stated value of no-par stocks) or face value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

15. "Distribution system." (See utility plant instruction 16.)

16. "Equipment." (See utility plant instruction 11.)

17. "Improvements." (See utility plant instruction 10.)

18. "Investment advances" means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of capital stock or long-term obligations, or shall not be subject to current settlement.

19. "Land and land rights." (See utility plant instruction 9.)

20. "Minor items of property" means the associated parts or items of which units of property are composed.

21. "Net book cost," when applied to utility plant means the book cost less related depreciation and amortization reserves. When applied to other property, it means book cost less related reserves for loss in value.

22. "Net original cost," as applied to utility plant, means the original cost less related depreciation and amortization reserves.

23. "Net salvage value" means the salvage value of property retired less the cost of removal.

24. "Nominally issued," as applied to securities issued or assumed by the utility, means those which have been signed, certified, or otherwise executed and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold or issued direct to trustees of sinking funds in accordance with contractual requirements.

25. "Nominally outstanding," as applied to securities issued or assumed by the utility, means those which, after being actually issued, have been reacquired by or for the utility under circumstances which require them to be considered as held alive and not retired, provided, however, that securities held by trustees shall be considered as actually outstanding.

26. "Original cost," as applied to utility plant, means the cost of such property to the person first devoting it to public service.

27. "Person" means an individual, a corporation, a partnership, an association, a joint stock company, a business trust, or any organized group of persons, whether incorporated or not, or any receiver or trustee.

28. "Premium," as applied to the securities issued or assumed by the utility, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stocks) or face value and interest or dividends accrued at the date of sale.

29. "Property retired," as applied to utility plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been withdrawn from service.

30. "Replacing" or "replacement," when not otherwise indicated in the context, means the construction or installation of utility plant in place of property retired, together with the removal of the property retired.

31. "Salvage value" means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale; or, if retained, the amount at which the material recoverable is chargeable to account 131, Materials and Supplies, or other appropriate account.

32. "Service value" means the difference between the original cost and the net salvage value of utility plant.

33. "Structures." (See utility plant instruction 10.)

34. "Transmission system." (See utility plant instruction 16.)

35. "Units of property" means those items of utility plant which, when retired, with or without replacement, are accounted for by crediting the book cost thereof to the utility plant account in which included.

36. "Utility," as used herein and when not otherwise indicated in the context, means any public utility to which this system of accounts is applicable.

INSTRUCTIONS—GENERAL

1. Classification of Utilities.

A. For the purpose of applying the system of accounts prescribed herein, utilities are divided into two classes, as follows:

Class A. Utilities having either (1) annual electric operating revenues of $750,000 or more, or (2) the original cost of whose electric utility plant amounts to $4,000,000 or more. Such utilities shall keep all the accounts prescribed herein which are applicable to their operations.

Class B. Utilities having annual electric operating revenues of more than $250,000 but less than $750,000 and the original cost of whose electric utility plant amounts to less than $4,000,000. Such utilities shall keep all the accounts prescribed herein which are applicable to their operations, except those operating expense accounts in which the letter B does not appear in the prefix.

B. The class to which any utility belongs shall be determined by the average of its annual electric operating revenues for the three years next preceding the effective date of this system of accounts; provided, however, that if the original cost of electric utility plant amounts to $4,000,000 at the end of the year immediately preceding the effective date of this system of accounts, such utility shall be classified as a Class A utility. If at the end of any calendar year following the effective date of this system of accounts the annual electric operating revenues of the utility for the three years ended on that date shall average $750,000, or if the original cost of its electric utility plant shall amount to $4,000,000 at the end of any such following year, then such utility shall be classified as a Class A utility for the next succeeding year.

C. Any utility may at its option adopt the system of accounts prescribed herein for Class A utilities.

2. Records.

A. Each utility shall so keep its books of account, and all other books, records, and memoranda which support in any way the entries in such books of account, as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit a ready identification, analysis and verification of all of the facts relevant thereto.

B. The books and records referred to herein include not only accounting records in a limited technical sense, but all other records such as minute books, stock books, reports, correspondence, memoranda, etc., which may be useful in developing the history of or facts regarding any transaction.

C. No utility shall destroy any books or records which support entries to its accounts unless the destruction thereof is permitted by rules and regulations of the Commission. Until rules and regulations have been issued by the Commission, each utility may continue its existing practice with respect to the retention or destruction of records. Each utility, however, shall file with the Commission, within sixty (60) days after the effective date of this system of accounts, a statement of its existing practice with reference to the destruction or other disposition of records. The Commission reserves the right to require the utility to make any change in its practice which is deemed necessary for the preservation of adequate information.

D. Subdivisions of any account in the system of accounts prescribed herein may be kept, provided that such subdivisions do not impair the integrity of the prescribed accounts. The titles of all such subdivisions or subaccounts shall refer by number or title to the account or accounts of which they are subdivisions.

E. Clearing accounts, in addition to those prescribed, and temporary or experimental accounts may be kept, provided such additional accounts do not impair the integrity of the prescribed accounts.

F. All charges to the accounts prescribed in this system for utility plant, income, operating revenues and operating expenses shall be just and reasonable and any payments by the utility in excess of just and reasonable charges shall be included in account 538, Miscellaneous Income Deductions.

G. The numbers prefixed to account titles are to be considered as part of the titles. Each utility, however, may adopt a different system of account numbers provided that the numbers herein prescribed shall appear in the descriptive headings of the ledger accounts.

3. Accounting Period.

Each utility shall keep its books on a monthly basis, so that for each month all transactions applicable thereto, as nearly as may be ascertained, shall be entered in the books of the utility. Unless otherwise authorized by the Commission, each utility shall close its books at the end of each calendar year.

4. Submission of Questions.

To maintain uniformity of accounting, utilities shall submit questions of doubtful interpretation to the Commission for consideration and decision.

5. Items List, Interpretations of.

Lists of "items" appearing in the texts of the accounts or elsewhere herein are for the purpose of more clearly indicating the application of the prescribed accounting. The lists are intended to be representative, but not exhaustive. The appearance of an item in a list warrants the inclusion of the item in the account mentioned only when the text of the account also indicates inclusion, inasmuch as the same item frequently appears in more than one list. The proper entry in each instance must be determined by the texts of the accounts.

6. Delayed Items.

A. The term "delayed items" means items relating to transactions which occurred prior to the current calendar year but which were not recorded in the books of account in the prior year.

B. Delayed items shall be charged or credited to the same accounts which would have been charged or credited if the items had not been delayed; provided, that when the amount of a delayed item is relatively so large that its inclusion in the accounts for a single month would seriously distort the accounts, it may be distributed in equal amounts to the accounts for the current and remaining months of the calendar year; and provided further, that if the amount of any delayed item is relatively so large that its inclusion in the accounts for a single year would seriously distort the accounts, the utility shall distribute the amount to the appropriate surplus account.

7. Unaudited Items.

When, at the end of any year or at such other time as a financial statement may be required by the Commission, it is known that a

transaction has occurred which affects the accounts, but the amount involved in the transaction and its effect upon the accounts can not be determined with absolute accuracy, then the amount shall be estimated and such estimated amount included in the proper accounts. The utility is not required to anticipate minor items which would not appreciably affect the accounts.

8. Transactions with Associated Companies.

Each utility shall so keep its accounts and records as to be able to furnish accurately and expeditiously a statement of all transactions with associated companies. The statement may be required to show the general nature of the transactions, the amounts involved therein and the amounts included in each account prescribed herein with respect to such transactions. Transactions with associated companies shall be recorded in the appropriate accounts for transactions of the same nature, provided, however, that charges by associated companies shall first be entered, if necessary, in account 901, Charges by Associated Companies—Clearing. Nothing herein contained, however, shall be construed as restraining the utility from subdividing accounts for the purpose of recording separately transactions with associated companies.

9. Depreciation Accounting.

Each utility shall record as of the end of each month the estimated amount of depreciation accrued during that month on depreciable utility plant. (See account 503, Depreciation, and account 250, Reserve for Depreciation of Utility Plant.)

NOTE A.—Depreciation expense applicable to property included in account 100.2, Utility Plant Leased to Others, shall be charged to account 508, Income from Utility Plant Leased to Others.

NOTE B.—Depreciation applicable to transportation equipment shall be charged to account 903, Transportation Expenses—Clearing, and depreciation on general tools and work equipment used in construction work shall be charged to the work or job benefited. The utility may, at its option, distribute depreciation on the latter items through a clearing account and it may also, at its option, charge to clearing accounts, in so far as applicable, depreciation on structures and equipment. (See, however, utility plant instruction 5, item 5.)

10. Distribution of Pay and Expenses of Employees.

The charges to utility plant, operating expense and other accounts for services and expenses of employees engaged in activities chargeable to various accounts, such as construction and operations, shall be based upon the actual time engaged in the respective classes of work, or in case that method is impracticable, upon the basis of a study of the time actually engaged during a representative period.

11. Records for Each Plant.

Separate records shall be maintained by utility plant accounts of the book cost of each plant owned or operated and of the cost of operating and maintaining each plant. The term "plant" as here used means each generating station and each transmission line.

NOTE.—If a utility operates many transmission lines, it may, with the approval of the Commission, group certain of them for the purpose of complying with this instruction.

12. Accounting for Other Departments.

This system of accounts is designed for use by electric utilities. If the utility also operates other utility departments such as gas, water, electric railway, etc., it shall keep such accounts for the other departments as may be prescribed by proper authority and in the absence of prescribed accounts, it shall keep such accounts as are proper or necessary to reflect the results of operating each other department. The balance sheet and income accounts contained in this system, where applicable, shall be used as controlling accounts for the other utility departments as well as the electric, provided, however, that separate subdivisions shall be maintained for each utility department. It is not intended, however, that proprietary and similar accounts which apply to the utility as a whole shall be departmentalized.

INSTRUCTIONS—BALANCE SHEET ACCOUNTS

1. Purpose of Balance Sheet Accounts.

The balance sheet accounts are intended to disclose the financial condition of the utility as of a given date by showing its assets and other debits, and liabilities, capital stock, surplus (or deficit), and other credits.

2. Current and Accrued Assets.

A. Current and accrued assets are cash, those assets which are readily convertible into cash or are held for current use in operations or construction, current claims against others, payment of which is reasonably assured, and amounts accruing to the utility which are subject to current settlement, except such items for which accounts other than those designated as Current and Accrued Assets are provided.

B. There shall not be included in the group of accounts designated as Current and Accrued Assets any item, the amount or collectibility of which is not reasonably assured, unless an adequate reserve has been provided therefor. Items of current character but of doubtful value may be written down and for record purposes carried in these accounts at nominal value.

3. Current and Accrued Liabilities.

A. Current and accrued liabilities are those obligations which have either matured at the date of the balance sheet or which become due within one year from the date thereof; except, however, bonds, receivers' certificates and similar obligations which shall be classified as long-term debt until date of maturity; accrued taxes, such as income taxes, which shall be classified in the balance sheet as accrued liabilities even though payable more than one year from the balance sheet date; compensation awards, which shall be classified as current liabilities regardless of date due; and minor amounts payable in installments which may be classified as current liabilities.

B. If a liability is due more than one year from date of issuance

or assumption by the utility, it shall be credited to a long-term debt account appropriate for the transaction, except, however, the current liabilities mentioned in A, above; but, for the purpose of classification in the balance sheet, a debt, except bonds, receivers' certificates, and similar obligations, shall be classified as a current and accrued liability if due within one year from the balance sheet date.

4. Book Cost of Securities Owned.

A. Securities of others acquired by the utility shall be recorded in these accounts at cost at the time of acquisition. Cost does not include any amount paid for accrued interest or dividends.

B. The utility may write down the book cost of any security in recognition of a decline in the value thereof. Securities shall be written off or written down to a nominal value if there be no reasonable prospect of substantial value. Fluctuations in market value shall not be recorded, but a permanent impairment in the value of the securities shall be recognized in the accounts. When securities are written off or written down, the amount of the adjustment shall be charged to account 538, Miscellaneous Income Deductions, or to account 414, Miscellaneous Debits to Surplus, or to an appropriate reserve account.

C. When securities with a fixed maturity date are purchased at a discount (that is, when the total cost, including brokerage fees, taxes, commissions, etc., is less than par), such discount may be amortized over the remaining life of the securities through periodic debits to the account in which the securities are carried (preferably coincident with entries recording interest accruals) and credits to the same account in which the interest revenue is credited. No debits shall be made in respect to discount upon securities held as investments or in special funds if there is reason to believe that such securities will be disposed of by redemption or otherwise at less than par or will not be paid at date of maturity.

D. When securities with a fixed maturity date are purchased at a premium (that is, when the total cost, including brokerage fees, taxes, commissions, etc., is in excess of par), such premiums may be amortized over the remaining life of the securities through periodic credits to the account in which the securities are carried (preferably coincident with entries recording interest accruals) and debits to the same account in which the interest revenue is recorded.

5. **Discount, Expense and Premium on Capital Stock.**

A. This system of accounts provides separate accounts for discount, expense, and premium on capital stock. These accounts shall be subdivided for each class and series of capital stock issued by the utility. Expenses applicable to capital stock shall not be added to capital stock discount nor deducted from premium on capital stock.

B. In stating the balance sheet, discount and expense and premium shall not be set off against each other.

C. General levies or assessments against stockholders shall be credited to the premium account for the particular class and series of capital stock so assessed.

D. Discount and expense on capital stock may be charged to account 414, Miscellaneous Debits to Surplus, in total or in installments, or the amounts thereof may be retained in accounts 150 and 151 until the stock to which the discount and expense apply is retired.

E. When capital stock which has been actually issued by the utility is reacquired or retired, the difference between the amount paid therefor upon reacquirement by the utility and the par value (amount at which included in account 200, Common Capital Stock, or account 201, Preferred Capital Stock, in the case of stock without par value) plus the premium or less the discount and expense originally entered in respect thereto and not charged off, shall be debited or credited, as the case may be, to account 270, Capital Surplus; provided, however, that debits shall be charged to account 414, Miscellaneous Debits to Surplus, if the amounts thereof exceed the balance in Capital Surplus; and provided further, that in no event shall debits in excess of accumulated credits from the retirement of stock be charged to Capital Surplus.

6. **Discount, Expense and Premium on Long-Term Debt.**

A. A discount, expense, and premium account shall be maintained for each class and series of long-term debt (including receivers' certificates) issued or assumed by the utility, in which shall be recorded the discount, expense, and premium associated with the issuance and sale of each such class and series of debt.

B. In stating the balance sheet, the total of the debit balances remaining in those accounts having debit balances shall be reported under account 140, Unamortized Debt Discount and Expense, and the total of the credit balances remaining in those accounts having

credit balances shall be reported under account 240, Unamortized Premium on Debt. Accounts with debit balances shall not be set off by accounts with credit balances.

C. The discount, expense, and premium referred to above shall be amortized over the life of the respective issues under such a plan as will equitably distribute the amounts over the life of the securities. The amortization shall be on a monthly basis, and the amounts thereof shall be charged to account 531, Amortization of Debt Discount and Expense, or credited to account 532, Amortization of Premium on Debt—Cr., as may be appropriate. The utility may, however, accelerate the writing off of discount and expense by charges to account 414, Miscellaneous Debits to Surplus.

D. When any long-term debt is reacquired or redeemed without being converted into another form of long-term debt and when the transaction is not in connection with a refunding operation, the difference between the amount paid upon reacquirement and the par or face value plus the unamortized premium or less the unamortized discount and expense, as the case may be, applicable to the debt redeemed, retired and cancelled, shall be debited to account 414, Miscellaneous Debits to Surplus or credited to account 401, Miscellaneous Credits to Surplus, as appropriate.

E. When the redemption of one issue or series of bonds or other long-term obligations is financed by another issue or series before the date of maturity of the first issue, any unamortized discount expense or premium on the first issue and any premium paid or discount earned on reacquirement shall be debited or credited, as appropriate, to account 414, Miscellaneous Debits to Surplus, or account 401, Miscellaneous Credits to Surplus, provided, however, that if the utility desires to amortize any of the discount, expense, or premium associated with the issuance or redemption of the first issue over a period subsequent to the date of redemption, the permission of the Commission must be obtained.

F. Discount, expense, or premium on debt shall not be included as part of the cost of constructing or acquiring any property, tangible or intangible, except under the provisions of utility plant instruction 5.

7. Contingent Assets and Liabilities.

Contingent assets represent a possible source of value to the utility contingent upon the fulfillment of conditions regarded as uncertain.

Contingent liabilities include items which may, under certain conditions, become obligations of the utility but which are neither direct nor assumed liabilities at the date of the balance sheet. The utility shall be prepared to give a complete statement of contingent assets and liabilities (including cumulative dividends on preference stock) in its annual report and at such other times as may be requested by the Commission.

8. Company Securities Owned.

Securities actually issued or assumed by the company which have been reacquired shall be either retired or carried in account 152, Reacquired Capital Stock, or account 153, Reacquired Long-Term Debt, unless it is required by provision of a mortgage, or by decision of a trustee not subject to control by the accounting company, that they be retained alive in sinking or other funds. When so retained, they shall be considered as actually outstanding, but not otherwise.

9. Nominally Issued Securities.

A. Each utility shall maintain, in addition to the capital stock and bond accounts shown in the balance sheet, memorandum debit and credit accounts for securities which have been nominally, but not actually, issued.

B. When non-par stock is nominally issued, the number of shares issued shall be shown in the memorandum accounts.

C. Subdivisions shall be maintained under the memorandum accounts for each class of securities.

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100. Utility Plant
107. Utility Plant Adjustments

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112. Other Investments
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143. Clearing Accounts
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201. Preferred Capital Stock
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XI. Reserves

250. Reserve for Depreciation of Utility Plant
251. Reserve for Amortization of Limited-Term Utility Investments
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253. Reserve for Depreciation and Amortization of Other Property
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XII. Contributions in Aid of Construction

265. Contributions in Aid of Construction

XIII. Surplus

270. Capital Surplus
271. Earned Surplus

BALANCE SHEET ACCOUNTS

ASSETS AND OTHER DEBITS

I. UTILITY PLANT

100. Utility Plant.

There shall be reported by this caption the balances in accounts 100-1, 100-2, 100-3, 100-4, 100-5 and 100-6.

100-1. Utility Plant in Service.

A. This account shall include the original cost of utility plant, included in accounts 301 to 390, together with the amounts recorded in accounts 391 and 392, owned and used by the utility in its electric utility operations, including such property owned by the utility but held by nominees.

B. The cost of additions to and betterments of property leased from others shall be recorded in this account, but such cost shall be maintained in subdivisions entirely separate and distinct from those relating to owned property. (See utility plant instruction 7.)

100-2. Utility Plant Leased to Others.

A. This account shall include the original cost of utility plant owned by the utility, but leased to others as operating units or systems, where the lessee has exclusive possession.

B. The property included in this account shall be classified according to the detailed accounts (301 to 392) for utility plant in service (account 100-1), and this account shall be maintained in such detail as though the property were used by the utility in its utility operations.

100-3. Construction Work in Progress.

This account shall include the total of the balances of work orders for utility plant in process of construction but not ready for service at the date of the balance sheet.

NOTE.—If a project, such as a hydro-electric project, a steam station or a transmission line, is designed to consist of two or more units or circuits which may be placed in service at different dates, any expenditures which are common to and which will be used in the operation of the project as a whole shall be included in utility plant in service upon the completion and the readiness for service of the first unit. Any expenditures which are identified exclusively with units of property not yet in service shall be included in this account.

100-4. Utility Plant Held for Future Use.

A. This account shall include the original cost of property owned and held for use in electric service under a definite plan for such use. There shall be included herein property acquired but never used by the utility in electric service, but held for such service in the future under a definite plan, and property previously used by the utility in electric service, but retired from such service and held pending its reuse in the future, under a definite plan, in electric service.

B. The property included in this account shall be classified according to the detailed accounts (301 to 392) for utility plant in service and the account shall be maintained in such manner and in such detail as though the property were in service.

NOTE.—Materials and supplies, and meters and transformers held in reserve, shall not be included in this account.

100-5. Utility Plant Acquisition Adjustments.

A. This account shall include the difference between (a) the cost to the accounting utility of utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation or otherwise, and (b) the original cost, estimated if not known, of such property, less the amount or amounts which may be credited to the depreciation and amortization reserves of the accounting utility at the time of acquisition with respect to such property. The account shall be so subdivided, when practicable, as to show the amounts applicable to utility plant in service, utility plant leased to others, and utility plant held for future use. (See utility plant instructions 2, 3 and 4.)

B. Whenever practicable, this account shall be subdivided according to the character of the amounts included herein for each property acquisition.

C. The amounts recorded in this account with respect to each property acquisition, shall be depreciated, amortized, or otherwise disposed of, as the Commission may approve or direct.

100-6. Utility Plant in Process of Reclassification.

A. There shall be closed to this account the book cost of utility plant (formerly called "fixed capital" in many systems of accounts) as of the effective date hereof. The detail or primary accounts in

support of this account employed prior to such date shall be continued pending reclassification into the utility plant accounts herein prescribed (301-392), but shall not be used for additions, betterments, or new construction.

B. No charges other than as provided in paragraph A above shall be made to this account, but retirements of utility plant owned as of the effective date hereof shall be credited hereto and to the supporting (old) fixed capital accounts until the reclassification shall have been accomplished.

107. Utility Plant Adjustments.

A. This account shall include the difference between the original cost, estimated if not known, and the book cost of utility plant, at the effective date of this system of accounts, to the extent that such difference is not properly includible in account 100-5, Utility Plant Acquisition Adjustments. Write-ups of utility plant prior to the effective date of this system of accounts shall be recorded herein.

B. The amounts included in this account shall be classified in such manner as to show the nature of each amount included herein and shall be disposed of as the Commission may approve or direct.

NOTE.—The provisions of this account shall not be construed as approving or authorizing the recording of appreciation of utility plant.

II. INVESTMENT AND FUND ACCOUNTS

110. Other Physical Property.

A. This account shall include the cost to the utility of land, structures, and equipment owned by the utility, but not used in utility service and not properly includible in account 100-4, Utility Plant Held for Future Use.

B. The records supporting the entries to this account shall be so kept that the utility can furnish information as to the nature and cost of each kind of property, from whom it was acquired, its location, and its use.

111. Investments in Associated Companies.

There shall be reported by this caption the amounts included in accounts 111-1 and 111-2.

111-1. Investments in Securities of Associated Companies.

A. This account shall include the book cost of the utility's invest-

ment in securities issued or assumed by associated companies and held as permanent or long-term investments.

B. The account shall be maintained in such manner as to show each class of investment in each associated company.

NOTE.—Securities of associated companies owned and pledged shall be included in this account, but such securities if held in special deposits or in special funds shall also be included in the appropriate deposit or fund account. A complete record of securities pledged shall be maintained.

111-2. Advances to Associated Companies.

A. This account shall include the amount of investment advances to associated companies and interest accrued on such advances when such interest is not subject to current settlement. (See account 126, Receivables from Associated Companies.)

B. The account shall be maintained in such manner as to show the advances to each associated company.

NOTE A.—Balances in open accounts with associated companies which are subject to current settlement shall be excluded from this account and included in account 126-2, Accounts Receivable from Associated Companies.

NOTE B.—Advances made to associated companies without expectation of reimbursement shall be charged to account 538, Miscellaneous Income Deductions.

112. Other Investments.

A. This account shall include the book cost of the utility's investment in securities issued or assumed by non-associated companies, investment advances to such companies, and any investments not accounted for elsewhere. Securities held as temporary cash investments shall not be included in this account.

B. The records shall be maintained in such manner as to show the amount of each investment and the investment advances to each person.

NOTE.—Securities owned and pledged shall be included in this account, but securities held in special deposits or in special funds shall be included in the appropriate deposit or fund account. A complete record of securities pledged shall be maintained.

113. Sinking Funds.

This account shall include the assets held in sinking funds. A separate account, with appropriate title, shall be kept for each sinking fund.

NOTE.—Nothing herein contained shall be construed as preventing a utility from transferring applicable sinking or other funds to account 121-3, Miscellaneous Special Deposits, for the purpose of paying matured sinking fund obligations, or obligations called for redemption but not presented, or the interest thereon.

114. Miscellaneous Special Funds.

There shall be reported by this caption the amounts included in accounts 114-1, 114-2 and 114-3.

114-1. Depreciation Fund.

This account shall include the assets which have been segregated in a special fund for the purpose of identifying such assets with the reserve for depreciation.

114-2. Amortization Fund—Federal.

This account shall include the cash and investments of any fund maintained by a utility pursuant to the requirements of a federal regulatory body, and the cash and investments segregated for the purpose of identifying the specific assets associated with account 258-1, Amortization Reserve—Federal.

114-3. Miscellaneous Special Funds.

This account shall include assets which have been segregated in special funds for insurance, employees' pensions, savings, relief, hospital, and other purposes not provided for elsewhere. A separate account, with appropriate title, shall be kept for each fund.

NOTE.—Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employees' benefits shall not be included in this account.

III. CURRENT AND ACCRUED ASSETS

120. Cash.

This account shall include the utility's current cash funds except working funds. (See account 122, Working Funds.)

121. Special Deposits.

There shall be reported by this caption the amounts included in accounts 121-1, 121-2 and 121-3.

121-1. Interest Special Deposits.

Special deposits with fiscal agents or others for the payment of interest shall be charged to this account. When interest is paid from the deposits, the amounts shall be credited to this account and charged to the appropriate accrued interest account.

121-2. Dividend Special Deposits.

Special deposits with fiscal agents and others for the payment of dividends on behalf of the utility shall be charged to this account. When dividends are paid from these deposits, the amount thereof shall be credited to this account and charged to the appropriate dividends payable account.

121-3. Miscellaneous Special Deposits.

Special deposits with fiscal agents or others for special purposes other than the payment of interest and dividends shall be charged to this account. Such special deposits may include cash deposited with federal, state, or municipal authorities as a guaranty for the fulfillment of obligations; cash deposited with trustees to be held until mortgaged property sold, destroyed, or otherwise disposed of is replaced; and also cash realized from the sale of the accounting utility's securities and deposited with trustees to be held until invested in property of the utility, etc. When the purposes of such deposits are satisfied and the deposits are released, this account shall be credited with the amount released. Entries to this account shall specify the purpose for which the deposit is made.

NOTE A.—The foregoing special deposit accounts shall not include any assets available for general purposes.

NOTE B.—Deposits for more than one year not offset by current liabilities shall not be charged to this account but to account 112, Other Investments.

122. Working Funds.

This account shall include cash advanced to officers, agents, employees, and others as petty cash or working funds.

123. Temporary Cash Investments.

A. This account shall include the book cost of investments, such as demand and time loans, bankers' acceptances, United States Treasury certificates, marketable securities, and other similar investments, acquired for the purpose of temporarily investing cash.

B. This account shall be so maintained as to show:

Temporary Cash Investments—Associated Companies.
Temporary Cash Investments—Other.

NOTE.—If any of the temporary investments are pledged, proper record of such pledged investments shall be kept.

124. Notes Receivable.

This account shall include the book cost, not includible elsewhere, of all collectible obligations in the form of notes receivable and similar evidences (except interest coupons) of money due on demand or within one year from the date of issue.

NOTE A.—This account shall not include notes receivable from associated companies. (See account 126-1, Notes Receivable from Associated Companies.)

NOTE B.—The amount of notes receivable discounted, sold or transferred, unless transferred without recourse, shall not be credited to this account but to account 221, Notes Receivable Discounted.

125. Accounts Receivable.

There shall be reported by this caption the balances in accounts 125-1 and 125-2.

125-1. Accounts Receivable—Customers.

A. This account shall include amounts due from customers for utility services, including merchandising, jobbing and contract work. This account shall not include amounts due from associated companies.

B. This account shall be kept in such manner as to permit the ascertainment within a reasonable time of the amounts due for each utility service, including merchandising, jobbing and contract work as a separate service.

125-2. Other Accounts Receivable.

A. This account shall include amounts owing the utility upon accounts with concerns or individuals, other than associated companies, and customers for utility services and for merchandising, jobbing and contract work.

B. This account shall be maintained in such manner as to show separately the amounts due from officers and employees, but the account shall not include amounts advanced to officers or others as working funds. (See account 122, Working Funds.)

126. Receivables from Associated Companies.

A. This account shall include the debit balances subject to current settlement in open accounts with associated companies, and notes and drafts upon which associated companies are liable, and which mature and are expected to be paid in full not later than one year from date of issuance, together with interest thereon. Items which

do not bear a specified due date but which have been carried for more than ninety days and items which are not paid within ninety days from due date shall be transferred to account 111, Investments in Associated Companies.

B. This account shall be subdivided as follows:

126-1 Notes Receivable from Associated Companies.
126-2 Accounts Receivable from Associated Companies.

NOTE A.—On the balance sheet, accounts receivable from an associated company may be set off against accounts payable to the same company.

NOTE B.—The face amount of notes receivable discounted or sold without releasing the company from liability as endorser thereon, shall not be credited to this account, but to account 221, Notes Receivable Discounted.

127. Subscriptions to Capital Stock.

A. This account shall include the balance due from subscribers upon legally enforceable subscriptions to capital stock of the utility.

B. The amount of each subscription shall be charged to this account at the time the subscription is accepted, and concurrently there shall be credited to account 204, Capital Stock Subscribed, the par value, in the case of stock having par value, and the stated value in the case of stock without par value, of the stock subscribed. The difference, if any, between the above amounts shall be debited or credited, as appropriate, to account 150, Discount on Capital Stock, or account 203, Premiums and Assessments on Capital Stock. If non-par stock has no stated value, the entire subscription price shall be credited to account 204, Capital Stock Subscribed.

128. Interest and Dividends Receivable.

This account shall include the amount of interest on bonds, mortgages, notes, commercial paper, loans, open accounts, deposits, etc., and the amount of dividends receivable on stocks owned.

NOTE A.—Interest and dividends receivable from associated companies shall be included in account 126-2, Accounts Receivable from Associated Companies.

NOTE B.—Interest which is not subject to current settlement shall be included in the account in which is carried the principal on which the interest is accrued.

129. Rents Receivable.

This account shall include rents receivable or accrued on property rented or leased by the utility to others.

NOTE.—Rents receivable from associated companies shall be included in account 126-2, Accounts Receivable from Associated Companies.

130. Accrued Utility Revenues.

This account may include the estimated amount accrued to the utility for service rendered, but not billed, as of the end of any accounting period. (The use of this account is optional.)

NOTE.—In case the utility accrues unbilled revenues, it shall likewise accrue unbilled expenses, such as for the purchase of electric energy.

131. Materials and Supplies.

There shall be reported under this caption the total of the amounts in accounts 131-1 and 131-2.

131-1. Materials and Supplies—Utility.

A. This account shall include the cost of unissued small tools and unapplied materials and supplies (including fuel) held primarily for use in the utility business. The cost shall include, when practicable, the purchase price at the point of free delivery, plus customs duties, excise and other taxes on purchases, insurance, costs of inspection, special tests prior to acceptance, loading and unloading, transportation, and other directly assignable charges.

B. Inward transportation charges for materials as far as practicable shall be included as a part of the cost of the particular material to which they relate. When not so included, they shall be charged to account 902, Stores Expenses—Clearing.

C. Cash or other discounts on materials shall be deducted, when practicable, in determining the cost of the particular material, or credited to the account to which the material is charged. Discounts which are not so handled shall be credited to account 902, Stores Expenses—Clearing.

D. Materials recovered in connection with construction, maintenance, or the retirement of property shall be charged to this account as follows:

Reusable materials consisting of large individual items shall be included in this account at original cost, estimated if not known. The cost of repairing such items shall be charged to the account appropriate for the previous use. (See also utility plant instruction 5, item 5.)

Reusable materials consisting of relatively small items, the identity of which (from the date of original installation to the final abandonment or sale thereof) cannot be as-

certained without undue refinement in accounting shall be included in this account at current prices new for such items. The cost of repairing such items shall be charged to the appropriate expense account as indicated by previous use.

Scrap and nonusable materials included in this account shall be carried at the estimated net amount realizable therefrom. The difference between the amounts realized for scrap and nonusable materials sold and the net amount at which the materials were carried in this account, as far as practicable, shall be adjusted to the accounts credited when the materials were charged to this account.

E. Inventories of materials, supplies, fuel, etc., shall be taken at least annually and the necessary adjustments shall be made to bring this account into harmony with the actual inventories. In effecting the adjustments, large differences which can be assigned to important classes of materials shall be equitably adjusted among the accounts to which such classes of materials have been charged since the previous inventory. Other differences shall be equitably apportioned among the accounts to which materials have been charged, or included in account 902, Stores Expenses—Clearing.

NOTE A.—Interest on material bills, the payment of which has been delayed, shall be charged to account 535, Other Interest Charges.

NOTE B.—There shall not be included in this account materials, supplies and equipment held primarily for merchandising, jobbing and contract work. (See account 131-2.)

131-2. Materials and Supplies—Other.

This account shall include the cost of all materials and supplies held primarily for merchandising, jobbing and contract work or for non-utility purposes.

132. Prepayments.

This account shall include amounts representing prepayments of insurance, rents, taxes, interest and miscellaneous items, and shall be kept or supported in such manner as to disclose the amount of each class of prepayments.

133. Other Current and Accrued Assets.

A. This account shall include current and accrued assets of the general nature defined in accounts 120 to 132, inclusive, but not properly includible in any of those accounts.

B. The records supporting the entries to this account shall be so kept as to show the nature of each class of assets included herein.

IV. DEFERRED DEBITS

140. Unamortized Debt Discount and Expense.

This caption shall include the total of the debit balances, of those accounts having debit balances, of the discount, expense, and premium accounts, for all classes of long-term debt. (See balance sheet instruction 6.)

141. Extraordinary Property Losses.

A. This account shall include, when so authorized or directed by the Commission, losses in service value of property abandoned or otherwise retired from service which are not provided for by the depreciation or other reserves and which could not reasonably have been foreseen and provided for. It shall include also, when so authorized or directed by the Commission, extraordinary losses, such as unforeseen damages to property which could not reasonably have been anticipated and which are not covered by reserves or by insurance.

B. The entire loss in service value of depreciable property retired shall be charged to the depreciation reserve. If all, or a portion, of the loss in service value is to be included in this account, the depreciation reserve shall then be credited and this account charged with the amount properly chargeable hereto.

C. This account shall be so maintained that convenient itemization may be made of all amounts included herein.

D. Before making any entries to this account, the utility shall obtain the approval of the Commission. Application for permission to use the account shall be accompanied by a statement or statements giving a complete explanation of the nature and cause of the property loss together with a description of the property, its location, the original cost thereof, classified in accordance with the prescribed utility plant accounts, the cost to the utility, the amount of water power value, or other intangible value carried in the accounts with respect to such property, the amount at which the property is retired or to be retired, the amount, if any, chargeable to the depreciation or other reserves (showing cost thus chargeable, salvage, and

cost of removal), the amount it is proposed to include in this account, the period over which and the accounts to which it is proposed to write off the loss, and a copy of any statement or statements made or planned to be made to a trustee under a mortgage or other indenture with respect to the property.

142. Preliminary Survey and Investigation Charges.

A. This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of projects under contemplation. If construction results, this account shall be credited and the appropriate utility plant account charged. If the work is abandoned, the charge shall be to account 538, Miscellaneous Income Deductions, or account 414, Miscellaneous Debits to Surplus, unless otherwise authorized or directed by the Commission.

B. The records supporting the entries to this account shall be so kept that the utility can furnish complete information as to the nature and the purpose of the survey, plans or investigations and the nature and respective amounts of the charges.

NOTE.—The amount of preliminary survey and investigation charges transferred to utility plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to utility plant.

143. Clearing Accounts.

This caption shall include undistributed balances in clearing accounts (see accounts 901 to 905) at the date of the balance sheet. Balances in clearing accounts shall be substantially cleared not later than the end of the calendar year unless items held therein relate to a future period.

144. Retirement Work in Progress.

This account shall include the total of the balances of work orders for the retirement of utility plant. The amount to be credited to utility plant shall be charged to this account at the date the property is retired from service, and the cost of removal shall be charged to the account as incurred. Credits for salvage and insurance recovered shall be made to this account. Each work order shall be closed to account 250, Reserve for Depreciation of Utility Plant, upon completion of the removal, in such a manner as to record separately in the reserve the original cost of plant retired, the cost of removal and the salvage or insurance recovered.

145. **Other Work in Progress.**

This account shall include the total of the balances in open work or job orders for work in progress, other than that includible in accounts 100-3, Construction Work in Progress, and 144, Retirement Work in Progress.

146. **Other Deferred Debits.**

A. This account shall include all debits, not elsewhere provided for, the proper final disposition of which is uncertain, and unusual or extraordinary expenses, not included in other accounts, which are in process of amortization.

B. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to each deferred debit included herein.

V. CAPITAL STOCK DISCOUNT AND EXPENSE

150. **Discount on Capital Stock.**

A. There shall be reported by this caption all balances in the accounts for discount on capital stock.

B. The accounts hereunder shall be kept in such manner as to show separately the discount on each class and series of capital stock. (See balance sheet instruction 5.)

C. The utility may amortize the balance carried in this account by charges to account 414, Miscellaneous Debits to Surplus.

151. **Capital Stock Expense.**

A. This account shall include all commissions and expenses incurred in connection with the original issuance and sale of capital stock, including additional capital stock of a certain class or series as well as first issues.

B. When any issue of capital stock, or portion thereof, has been retired, there shall be credited to this account the balance herein in respect of such retired stock. (See balance sheet instruction 5.)

C. The utility may amortize the balance carried in this account by charges to account 414, Miscellaneous Debits to Surplus.

NOTE.—There shall not be included in this account expenses in connection with the reacquisition or resale of the utility's capital stock.

VI. REACQUIRED SECURITIES

152. Reacquired Capital Stock.

A. This account shall include the par value of capital stock actually issued by the utility and reacquired by it and not retired or cancelled, except, however, stock which is held by trustees in sinking or other funds. Stock without par value shall be included in this account at the proportionate amount at which the particular class and series of stock is included in account 200, Common Capital Stock, or account 201, Preferred Capital Stock.

B. The difference between the amount at which capital stock is included in this account and the amount paid by the utility for such stock, including commissions and expenses paid in connection with the reacquisition, shall be debited or credited at the time of acquisition, to account 270, Capital Surplus, provided, however, that debits shall be charged to account 414, Miscellaneous Debits to Surplus, if the amounts thereof exceed the balance in capital surplus; and provided further, that in no event shall debits in excess of accumulated credits from the reacquirement and sale of reacquired capital stock be charged to capital surplus.

C. When reacquired capital stock is resold by the utility, the par value (or amount included in this account for stock without par value) of the stock resold shall be credited to this account and the difference between such amount and the amount received by the utility from the resale, less commissions and expenses incurred in the resale, shall be accounted for as outlined in paragraph B, above.

D. This account shall be maintained or supported in such manner as to show the amount herein applicable to each class and series of stock.

153. Reacquired Long-Term Debt.

A. This account shall include the par or face value of bonds or other long-term debt actually issued or assumed by the utility and reacquired by it and held under conditions which do not permit the utility to treat such securities as paid, retired, or cancelled but which permit the resale of the securities. It shall not include securities which are held by trustees in sinking or other funds.

B. When the securities are reacquired, the difference between par or face value, adjusted for unamortized discount, expense or premium,

and the amount paid upon reacquisition, shall be debited or credited, as appropriate, to accounts 414, Miscellaneous Debits to Surplus, or 401, Miscellaneous Credits to Surplus. (See balance sheet instruction 6.)

C. This account shall be maintained or supported in such manner as to show the amount herein applicable to each class and series of long-term debt.

VII. CAPITAL STOCK

200. Common Capital Stock.

201. Preferred Capital Stock.

A. These accounts shall include the par value, the stated value of stock without par value if such stock has a stated value and if not, the cash value of the consideration received for such non-par stock, of each class of capital stock actually issued and actually outstanding, and also the capital stock in account 152, Reacquired Capital Stock.

B. When the actual cash value of the consideration received is more or less than the par or stated value of any stock having a par or stated value, the difference shall be credited or debited, as the case may be, to the discount or premium account for the particular class and series.

C. When capital stock is retired and cancelled, these accounts shall be charged with the amount at which such stock is carried herein.

D. A separate ledger account, with a descriptive title, shall be maintained for each class and series of stock. The supporting records shall show the shares nominally issued, actually issued and nominally outstanding.

NOTE.—When a levy or assessment, except a call for payment on subscriptions, is made against holders of capital stock, the amount collected upon such levy or assessment shall be credited to account 203, Premiums and Assessments on Capital Stock.

202. Stock Liability for Conversion.

A. This account shall include the par value, the stated value of stock without par value if such stock has a stated value and if not, the cash value of the consideration for such non-par stock, of capital stock which the utility has agreed to exchange for outstanding secu-

rities of other companies in connection with the acquisition of properties of such companies under terms which allow the holders of the securities of the other companies to surrender such securities and receive in return therefor capital stock of the accounting utility.

B. When the securities of the other companies have been surrendered, this account shall be charged and account 200, Common Capital Stock, or account 201, Preferred Capital Stock, as the case may be, shall be credited.

C. The records shall be so kept as to show separately the stocks of different classes and series for which liability may exist.

203. Premiums and Assessments on Capital Stock.

A. This account shall include the excess of the actual cash value of the consideration received over the par or stated value and accrued dividends, of stock issued, together with assessments against stockholders representing payments required in excess of par or stated values.

B. A separate account shall be maintained for premiums and assessments on each class and series of stock.

C. When capital stock is retired and cancelled, the amount in this account with respect to the shares of such stock retired and cancelled shall be debited hereto. (See balance sheet instruction 5.)

204. Capital Stock Subscribed.

A. This account shall include the amount of legally enforceable subscriptions to capital stock of the utility. It shall be credited with the par or stated value, or with the subscription price, in the case of stock without par or stated value, exclusive of accrued dividends, if any. Concurrently, a debit shall be made to account 127, Subscriptions to Capital Stock, for the agreed price and any discount or premium shall be debited or credited to the appropriate discount or premium account. When properly executed stock certificates have been issued representing the shares subscribed, this account shall be debited and account 200, Common Capital Stock, or account 201, Preferred Capital Stock, shall be credited with the par or stated value of such stock.

B. The records shall be kept in such manner as to show the amount of subscriptions to each class and series of stock.

205. Installments Received on Capital Stock.

A. This account shall include the amount of installments received on capital stock on a partial or installment payment plan from subscribers who are not bound by a legally enforceable subscription contract.

B. As subscriptions are paid in full and certificates issued, this account shall be charged and account 200, Common Capital Stock, account 201, Preferred Capital Stock, or account 152, Reacquired Capital Stock, as appropriate, credited with the par or stated value of such stock. Any discount or premium on the original issue shall be included in the appropriate discount or premium account.

C. The records shall be kept in such manner as to show the amount of installments received on each class and series of stock.

VIII. LONG-TERM DEBT

210. Bonds.

A. This account shall include the face value of the actually issued and unmatured bonds, which have not been retired or cancelled; also the face value of such bonds issued by others, the payment of which has been assumed by the utility.

B. This account shall be so kept or supported as to show the face value of (1) nominally issued bonds, (2) nominally outstanding bonds and (3) actually outstanding bonds of each class and series.

NOTE A.—For instructions relative to accounting for discount, expense, and premium on long-term debt, see balance sheet instruction 6.

NOTE B.—Matured long-term debt shall be included in account 225, Matured Long-Term Debt.

211. Receivers' Certificates.

A. This account shall include the face value of certificates of indebtedness issued by receivers in possession of the property and acting under the orders of a court.

B. Separate subdivisions shall be maintained for each issue of receivers' certificates.

212. Advances from Associated Companies.

A. This account shall include the face value of notes owed to associated companies and the amount of open book accounts representing advances from associated companies.

B. This account shall be subdivided as follows:

212-1 Advances on Notes.
212-2 Advances on Open Accounts.

NOTE A.—The records supporting the entries to this account shall be so kept that the utility can furnish complete information concerning each note and open account.

NOTE B.—Notes and open accounts representing indebtedness subject to current settlement shall be included in account 223, Payables to Associated Companies.

213. Miscellaneous Long-Term Debt.

A. This account shall include until maturity, all long-term debt not otherwise provided for. This covers such items as real estate mortgages, executed or assumed, assessments for public improvements, notes and unsecured certificates of indebtedness not owned by associated companies, receipts outstanding for long-term debt, and other obligations maturing more than one year from date of issue or assumption. (See balance sheet instruction 3.)

B. Separate accounts shall be maintained for each class of obligation, and records shall be maintained to show separately for each class all details as to date of obligation, date of maturity, interest dates and rates, security for the obligation, etc.

IX. CURRENT AND ACCRUED LIABILITIES

220. Notes Payable.

This account shall include the face value of all notes, drafts, acceptances, or other similar evidences of indebtedness, payable on demand or which by their terms are payable within a time not exceeding one year from the date of issue to other than associated companies. (See balance sheet instruction 3.)

221. Notes Receivable Discounted.

This account shall include the face value of notes receivable discounted or sold without releasing the utility from liability as endorser thereon.

222. Accounts Payable.

This account shall include all amounts payable by the utility within one year, and which are not provided for in other accounts.

223. Payables to Associated Companies.

This account shall include amounts owed to associated companies on notes, drafts, acceptances, or other similar evidences of indebtedness, and open accounts payable on demand or not more than one year from date of issue or creation. This account shall be subdivided as follows:

223-1 Notes Payable to Associated Companies.
223-2 Accounts Payable to Associated Companies.

NOTE.—Exclude from this account notes and accounts which are includible in account 212, Advances from Associated Companies.

224. Dividends Declared.

This account shall include the amount of dividends which have been declared but not paid. Dividends shall be credited to this account when they become a liability.

225. Matured Long-Term Debt.

This account shall include the amount of long-term debt (including any obligation for premiums) matured and unpaid, without specific agreement for extension of the time of payment; it shall also include bonds called for redemption but not presented.

226. Matured Interest.

This account shall include the amount of matured interest on long-term debt or other obligations of the utility at the date of the balance sheet unless such interest is added to the principal of the debt on which incurred.

227. Customers' Deposits.

This account shall include all amounts deposited with the utility by customers as security for the payment of bills.

228. Taxes Accrued.

A. This account shall be credited during each accounting period with the amount of taxes accrued during the period, corresponding debits being made to the appropriate accounts for tax charges. Such credits may be based upon estimates, but from time to time during the year as the facts become known, the amount of the periodic credits shall be adjusted so as to include as nearly as can be determined in

each year the taxes applicable thereto. Any amount representing a prepayment of taxes applicable to the period subsequent to the date of the balance sheet shall be shown under account 132, Prepayments.

B. The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount, by classes, of taxes accrued, the basis for each tax accrual and the accounts to which charged, and the amount, by classes, of taxes paid.

229. Interest Accrued.

There shall be reported by this caption the balances included in accounts 229-1 and 229-2.

229-1. Interest Accrued on Long-Term Debt.

This account shall include the amount of interest accrued on the long-term debt of the utility except interest on advances from associated companies. This account shall not include any interest which is added to the principal of the debt on which incurred.

229-2. Interest Accrued on Other Liabilities.

This account shall include the amount of interest accrued on liabilities of the utility other than long-term liabilities. This account shall not include any interest which is added to the principal of the debt on which incurred.

230. Other Current and Accrued Liabilities.

This account shall include the current and accrued liabilities not provided for elsewhere.

X. DEFERRED CREDITS

240. Unamortized Premium on Debt.

This caption shall include the total of the credit balances of the discount, expense and premium accounts, for all classes of long term debt, including receivers' certificates. (See balance sheet instruction 6.)

241. Customers' Advances for Construction.

This account shall include such advances by customers for construction as are to be refunded either wholly or in part. When a cus-

tomer is refunded the entire amount to which he is entitled, according to the agreement or rule under which the advance was made, the balance, if any, remaining in the account shall be transferred to account 265, Contributions in Aid of Construction.

242. Other Deferred Credits.

This account shall include advanced billings and receipts and other deferred credit items, not provided for elsewhere; also amounts which cannot be entirely cleared or disposed of until additional information has been received or which should be credited to income or to surplus accounts in the future.

XI. RESERVES

250. Reserve for Depreciation of Utility Plant.

A. This account shall be credited with the following:

Amounts charged to account 503, Depreciation, to account 508, Income from Utility Plant Leased to Others, to clearing accounts, or to income or other accounts for currently accruing depreciation.

Amounts charged to account 414, Miscellaneous Debits to Surplus, for past accrued depreciation.

Amounts of depreciation applicable to utility properties acquired as operating units or systems. (See utility plant instruction 4.)

Amounts chargeable upon approval of the Commission to account 141, Extraordinary Property Losses.

Amounts of depreciation applicable to utility plant donated to the utility.

B. At the time of retirement of depreciable utility plant in service, this account shall be charged with the book cost of the property retired and the cost of removal, and shall be credited with the salvage value and any other amounts recovered, such as insurance.

C. The credits and debits to the reserve shall be so made as to show separately (1) the amount of the accrual for depreciation, (2) the book cost of property retired, (3) cost of removal, (4) salvage, and (5) other items, including recoveries from insurance.

D. When transfers of property are made from one utility plant account to another or from or to non-utility property, the accounting shall be as provided in utility plant instruction 14.

E. This account shall be subdivided as follows:

250-1 Reserve for Depreciation of Utility Plant in Service.
250-2 Reserve for Depreciation of Utility Plant Leased to Others.
250-3 Reserve for Depreciation of Utility Plant Held for Future Use.

NOTE.—The utility is restricted in its use of the reserve to the purposes set forth above. It shall not divert any portion of the reserve to surplus or make any other use thereof without the approval of the Commission.

251. Reserve for Amortization of Limited-Term Utility Investments.

A. This account shall be concurrently credited with amounts charged to account 504, Amortization of Limited-Term Utility Investments, or with appropriate amounts charged to account 508, Income from Utility Plant Leased to Others.

B. This account shall also be credited with such amounts as are necessary to reflect, as of the effective date of this system of accounts, the expired portion of the life of franchises, licenses, patent rights, and limited-term interests in land and land rights; or other intangible electric property which has a terminable life, the cost of which is included in utility plant. To the extent that provision has not previously been made for amortization of limited-term utility investments, amounts credited to this reserve shall be concurrently debited to account 414, Miscellaneous Debits to Surplus.

C. When any franchise, license, patent right, limited-term interest in land or land right expires, is sold, relinquished or otherwise retired from service, this account shall be charged with the amount previously credited in respect to such property. The book cost of the property so retired less the amount chargeable to this account and less the proceeds realized at retirement shall be included in the appropriate surplus account.

D. Records shall be maintained so as to show separately the balance applicable to each item of intangible property which is being amortized.

E. This account shall be subdivided as follows:

251-1 Reserve for Amortization of Limited-Term Utility Investments—Utility Plant in Service.
251-2 Reserve for Amortization of Limited-Term Utility Investments—Utility Plant Leased to Others.

251-3 Reserve for Amortization of Limited-Term Utility Investments—Utility Plant Held for Future Use.

252. Reserve for Amortization of Utility Plant Acquisition Adjustments.

This account shall be credited or debited with amounts which the Commission may approve or direct to be charged or credited to account 505, Amortization of Utility Plant Acquisition Adjustments, to account 537, Miscellaneous Amortization, or to surplus for the purpose of providing for the extinguishment of amounts in account 100-5, Utility Plant Acquisition Adjustments.

253. Reserve for Depreciation and Amortization of Other Property.

This account shall include the depreciation and amortization reserves applicable to property other than utility plant.

254. Reserve for Uncollectible Accounts.

A. This account shall be credited each month with amounts reserved for losses on accounts receivable which may become uncollectible, and also with collections on accounts previously charged hereto. Concurrent charges shall be made to account 783, Uncollectible Accounts, for amounts applicable to electric operations, and to corresponding accounts for other operations.

B. This account shall be subdivided as follows:

254-1 Utility Customers.
254-2 Merchandising, Jobbing and Contract Work.
254-3 Associated Companies.
254-4 Officers and Employees.
254-5 Other.

NOTE.—Accretions to this reserve shall not be made in excess of a reasonable provision against losses of the character provided for.

255. Insurance Reserve.

A. This account shall include amounts reserved by the utility for self-insurance against losses through accident, fire, flood, or other hazards to its own property or property leased from others. The amounts charged to account 798, Insurance, or other appropriate accounts to cover such risks shall be credited to this account. A

schedule of risks covered by this reserve shall be maintained, giving a description of the property involved, the character of the risks covered and the rates used.

B. Charges shall be made to this account for losses covered by self-insurance.

NOTE.—Accretions to this reserve shall not be made in excess of a reasonable provision against losses of the character provided for.

256. Injuries and Damages Reserve.

A. This account shall be credited with amounts charged to account 799, Injuries and Damages, or other appropriate accounts, to meet the probable liability, not covered by insurance, for deaths or injuries to employees and others, and for damages to property not owned or held under lease by the utility.

B. When liability for any injury or damage is admitted by the utility either voluntarily or because of the decision of a court or other lawful authority, such as a workmen's compensation board, the admitted liability shall be charged to this account and credited to the appropriate liability account.

NOTE A.—Recoveries or reimbursements for losses charged to this account shall be credited hereto; the cost of repairs to property of others if provided for herein, shall be charged to this account.

NOTE B.—Accretions to this reserve shall not be made in excess of a reasonable provision against losses of the character provided for.

257. Employees' Provident Reserve.

A. This account shall include provision which has been made by operating expense charges, or by specific appropriations of income or surplus, and by amounts contributed by employees (whether carried in special funds or in the general funds of the utility) for pensions, accident and death benefits, savings, relief, hospital and other provident purposes.

B. This account shall include also the amounts accrued for pensions through charges to account 800, Employees' Welfare Expenses and Pensions. Amounts so credited shall, when actually paid to retired employees or paid into a trust fund irrevocably devoted to the payment of pensions, be charged hereto.

C. Separate accounts shall be kept for each kind of reserve included herein.

258. Other Reserves.

There shall be reported by this caption the balances in accounts 258-1 and 258-2.

258-1. Amortization Reserve—Federal.

This account shall be credited with such amounts as are appropriated or set aside by the utility from surplus earnings for amortization purposes in accordance with the requirements of a federal regulatory body; also the interest derived from the "Amortization Fund—Federal," or income from investments belonging to such fund.

258-2. Miscellaneous Reserves.

A. This account shall include all reserves maintained by the utility which are not provided for elsewhere in this system of accounts.

B. This account shall be maintained in such manner as to show the amount of each separate reserve and the nature and amounts of the debits and credits thereto.

XII. CONTRIBUTIONS IN AID OF CONSTRUCTION

265. Contributions in Aid of Construction.

A. This account shall include donations or contributions in cash, services, or property from states, municipalities or other governmental agencies, individuals, and others for construction purposes.

B. The credits to this account shall not be transferred to surplus account or to any other account without the approval of the Commission.

C. The records supporting the entries to this account shall be so kept that the utility can furnish information as to the purpose of each donation, the conditions, if any, upon which it was made, and the amount of donations from (a) states, (b) municipalities, (c) customers, and (d) others.

NOTE.—There shall not be included in this account advances for construction which are ultimately to be repaid wholly or in part. Such advances shall be credited to account 241, Customers' Advances for Construction.

XIII. SURPLUS

270. Capital Surplus.

A. This account shall include all surplus not classified herein as earned surplus. It shall include credits from sales by the utility of its reacquired capital stock; surplus arising from the retirement and cancellation of the utility's capital stock, from donations by stockholders of the utility's capital stock, from a reduction of the par or stated value of the utility's capital stock, from the forgiveness of debt of the utility, also surplus recorded at a reorganization or in connection with a recapitalization.

B. This account shall be maintained in such manner as to permit a ready analysis of the charges and credits hereto.

271. Earned Surplus.

This account shall include the balance, either debit or credit, of unappropriated surplus arising from earnings. It shall not include surplus includible in account 270, Capital Surplus.

INSTRUCTIONS—UTILITY PLANT ACCOUNTS

1. Purpose of Utility Plant Accounts.

A. The summary utility plant accounts are as follows:

100 Utility Plant.
- 100-1 Utility Plant in Service.
- 100-2 Utility Plant Leased to Others.
- 100-3 Construction Work in Progress.
- 100-4 Utility Plant Held for Future Use.
- 100-5 Utility Plant Acquisition Adjustments.
- 100-6 Utility Plant in Process of Reclassification.

107 Utility Plant Adjustments.

B. Account 100 is a caption by which shall be reported the amounts in accounts 100-1 to 100-6, inclusive.

C. Accounts 100-1 to 100-4, inclusive, are designed to show the original cost of utility plant acquired as operating units or systems by purchase, merger, consolidation, liquidation or otherwise, and the cost to the utility of all other utility plant recorded in these accounts.

D. Account 100-5 is designed to show the difference between the cost to the utility of utility plant acquired as operating units or systems by purchase, merger, consolidation, liquidation or otherwise and the original cost of the plant, due consideration being given to any depreciation or amortization recorded by the accounting utility at the date of acquisition.

E. Account 100-6 is designed to be used as a control account for utility plant at the effective date of this system of accounts pending the distribution thereof in accordance with the accounts prescribed herein.

F. Account 107 is designed to show the amount by which the book cost of utility plant at the effective date of this system of accounts differs from the cost of the plant to the utility when the difference is not properly includible in other accounts. It shall include all write-ups in the books as of the effective date of this system of accounts.

NOTE—See balance sheet accounts 100 and 107.

2. Classification of Utility Plant at Effective Date of System of Accounts.

A. Each utility shall classify its utility plant as of the effective date of this system of accounts in accordance with the utility plant accounts prescribed herein. The classification shall be so made as to show both the original cost and the cost to the utility of its utility plant.

B. The cost to the utility of its utility plant shall be ascertained by analysis of the utility's records. In ascertaining the cost it is not intended that any correction need be made for depreciation or amortization applicable to operating units or systems previously acquired, whether or not such depreciation or amortization was recorded in the books of the accounting utility. It is likewise not intended that adjustments shall be made to record in utility plant accounts amounts previously charged to operating expenses in accordance with the uniform system of accounts in effect at the time or in accordance with the discretion of management as exercised under such uniform system of accounts.

C. The detailed utility plant accounts (301 to 390, inclusive) shall be stated on the basis of cost to the utility of plant constructed by it and the original cost, estimated if not known, of plant acquired as an operating unit or system. The difference between the original cost, as above, and the cost to the utility of plant includible in accounts 100-1 to 100-4, inclusive, after giving effect to any depreciation or amortization recorded by the accounting utility at the time of acquisition, shall be recorded in account 100-5, Utility Plant Acquisition Adjustments. The original cost of utility plant may be determined by analysis of the utility's records or those of predecessor or vendor companies with respect to utility plant previously acquired as operating units or systems and the difference between the original cost so determined and the cost to the utility, with adjustments for retirements from date of acquisition to the effective date of this system of accounts, shall be entered in account 100-5, Utility Plant Acquisition Adjustments. When practicable, amounts recorded in account 100-5 shall be classified according to the nature of the items of which composed. Any difference between the cost of utility plant and its book cost, when not properly includible in other accounts, shall be recorded in account 107, Utility Plant Adjustments.

D. Not later than two years after the effective date of this system of accounts, each utility shall have completed the studies necessary

for classifying its utility plant as of the effective date of this system of accounts in accordance with the accounts prescribed herein and it shall submit to the Commission the entries it proposes to make to carry out the provisions of this instruction. It shall submit, also, a comparative balance sheet showing the accounts and amounts appearing in its books as of the effective date of this system of accounts and the accounts and respective amounts as of the same date after the proposed entries shall have been made.

E. Pending the classification of utility plant at the effective date of this system of accounts in accordance with the accounts prescribed herein, each utility shall maintain its present accounts with respect to such property as subaccounts of account 100-6, Utility Plant in Process of Reclassification.

3. Utility Plant to be Recorded at Cost.

A. All amounts included in the accounts for tangible utility plant consisting of plant acquired as an operating unit or system shall be stated at the original cost incurred by the person who first devoted the property to utility service. All other tangible utility plant shall be included in the accounts at the cost incurred by the utility.

B. All amounts included in the accounts for intangible utility plant shall likewise be stated on the basis provided in paragraph A above except as otherwise provided in the texts of the intangible accounts.

C. Where the term "cost" is used in the detailed utility plant accounts, it shall have the meaning stated in paragraphs A and B above and shall include not only the materials, supplies, labor services and other items consumed or employed in the construction and installation of utility plant, but also the cost of preliminary studies, plans, surveys, engineering, supervision, and general expenses, which contribute directly and immediately to utility plant without duplication of such costs.

D. When the consideration given for property is other than cash, the value of such consideration shall be determined on a cash basis. In the entry recording such transaction, the actual consideration shall be described with sufficient particularity to identify it. The utility shall be prepared to furnish the Commission the particulars of its determination of the cash value of the consideration, if other than cash.

E. When property is purchased under a plan involving deferred payments, no charge shall be made to the utility plant accounts for interest, insurance, or other expenditures occasioned solely by such form of payment.

F. Utility plant contributed to the utility or constructed by it from contributions to it of cash or its equivalent shall be charged to the utility plant accounts at original cost. There shall be credited to the depreciation and amortization reserve accounts the estimated amount of depreciation and amortization applicable to the property at the time of its contribution to the utility. The difference between the amounts included in the utility plant accounts and the reserve accounts shall be credited to account 265, Contributions in Aid of Construction.

NOTE.—Amounts received for construction which are ultimately to be refunded, wholly or in part, shall be credited to account 241, Customers' Advances for Construction. When the amount to be refunded has been finally determined, any credit balance remaining in account 241 shall be credited to account 265, Contributions in Aid of Construction.

4. Utility Plant Purchased.

A. When utility plant constituting an operating unit or system is acquired by purchase, merger, consolidation, liquidation, or otherwise, after the effective date of this system of accounts, the cost of acquisition, including expenses incidental thereto and properly includible in utility plant, shall be charged to account 100-1, Utility Plant in Service, subaccount 391, Utility Plant Purchased.

B. The accounting for the acquisition shall then be completed as following:

(1) The original cost, estimated if not known, shall be credited to account 100-1, Utility Plant in Service, subaccount 391, Utility Plant Purchased, and concurrently charged to account 100-1, Utility Plant in Service, account 100-2, Utility Plant Leased to Others, account 100-3, Construction Work in Progress, account 100-4, Utility Plant Held for Future Use, as appropriate, and distributed to the detailed accounts which they control.

(2) The depreciation and amortization reserve requirements applicable to the original cost of the properties purchased, if required by the Commission to be recorded by the accounting utility, shall be charged to account 100-1, Utility Plant in Service, subaccount 391, Utility Plant Purchased, and concurrently credited to account 250, Reserve for Depreciation of Utility Plant, and account 251, Reserve for Amortization of Limited-Term Utility Investments, as appropriate.

(3) The amount remaining in account 391, Utility Plant Purchased, shall then be closed to account 100-5, Utility Plant Acquisition Adjustments.

C. A memorandum record shall be kept of the amount of contributions in aid of construction applicable to the property acquired as shown by the accounts of the previous owner.

D. When any property acquired as an operating unit or system includes duplicate or other utility plant which will be retired by the accounting utility in the reconstruction of the acquired property or its consolidation with the previously owned property, the accounting for such property shall be presented to the Commission for consideration and approval.

E. If property acquired in the purchase of an operating unit or system is in such physical condition when acquired that it is necessary substantially to rehabilitate it in order to bring the property up to the standards of the utility, the cost of such work, except replacements, shall be accounted for as a part of the purchase price of the property.

F. In connection with the acquisition of utility plant constituting an operating unit or system, the utility shall procure, if possible, all existing records relating to the property acquired, or certified copies thereof, and shall preserve such records until specifically authorized by the Commission to destroy or otherwise dispose of them.

NOTE.—In cases of mergers or consolidations occurring prior to the determination of original cost of the plant of the merging or consolidating utilities, the accounts of the constituent utilities, with the approval of the Commission, may be combined. In the event original cost has not been determined, the resulting utility shall proceed to determine such cost as outlined herein.

5. Components of Construction Cost.

The cost of construction properly includible in the utility plant accounts shall include, where applicable, the direct and overhead costs as listed and defined hereunder:

(1) "Contract work" includes amounts paid for work performed under contract by other companies, firms, or individuals, costs incident to the award of such contracts, and the inspection of such work. It does not include the cost of work performed by the utility on the project, a part of which is performed by others under contract.

(2) "Labor" includes the pay and expenses of employees of the utility engaged on construction work, and also workmen's compensation insurance, pay roll taxes and similar items of expense. It does

not include the pay and expenses of employees which are distributed to construction through clearing accounts nor the pay and expenses included in other items hereunder.

(3) "Materials and supplies" includes the purchase price at the point of free delivery plus customs duties, excise taxes, the cost of inspection, loading and transportation, the related stores expenses, and the cost of fabricated materials from the utility's shop. In determining the cost of materials and supplies used for construction, proper allowance shall be made for unused materials and supplies, for materials recovered from temporary structures used in performing the work involved, and for discounts allowed and realized in the purchase of materials and supplies.

NOTE.—The cost of individual items of equipment of small value (for example, $10 or less) or of short life, including small portable tools and implements, shall not be charged to utility plant accounts unless the correctness of the accounting therefor is verified by current inventories. The cost may be charged to the appropriate operating expense or clearing accounts, according to the use of such items, or, if such items are consumed directly in construction work, the cost shall be included as part of the cost of the construction unit.

(4) "Transportation" includes the cost of transporting employees, materials and supplies, tools, purchased equipment, and other work equipment (when not under own power) to and from points of construction. It includes amounts paid to others as well as the cost of operating the utility's own transportation equipment. (See item 5 following.)

(5) "Special machine service" includes the cost of labor (optional), materials and supplies, depreciation, and other expenses incurred in the maintenance, operation and use of special machines, such as steam shovels, pile drivers, derricks, ditchers, scrapers, material unloaders, and other labor saving machines; also expenditures for rental, maintenance and operation of machines of others. It does not include the cost of small tools and other individual items of small value or short life which are included in the cost of materials and supplies. (See item 3, above.) When a particular construction job requires the use for an extended period of time of special machines, transportation or other equipment, the net book cost thereof, less the appraised or salvage value at time of release from the job, shall be included in the cost of construction.

(6) "Shop service" includes the proportion of the expense of the utility's shop department assignable to construction work, except that the cost of fabricated materials from the utility's shop shall be included in "materials and supplies."

(7) "Protection" includes the cost of protecting the utility's property from fire or other casualties and the cost of preventing damages to others, or to the property of others, including payments for discovery or extinguishment of fires, cost of apprehending and prosecuting incendiaries, witness fees in relation thereto, amounts paid to municipalities and others for fire protection, and other analogous items of expenditures in connection with construction work.

(8) "Injuries and damages" includes expenditures or losses in connection with construction work on account of injuries to persons and damages to the property of others; also the cost of investigation of and defense against actions for such injuries and damages. Insurance recovered or recoverable on account of compensation paid for injuries to persons incident to construction shall be credited to the account or accounts to which such compensation is charged. Insurance recovered or recoverable on account of property damages incident to construction shall be credited to the account or accounts charged with the cost of the damages.

(9) "Privileges and permits" includes payments for and expenses incurred in securing temporary privileges, permits or rights in connection with construction work, such as for the use of private or public property, streets, or highways, but it does not include rents, or amounts chargeable as franchises and consents for which see account 302, Franchises and Consents.

(10) "Rents" includes amounts paid for the use of construction quarters and office space occupied by construction forces and amounts properly includible in construction costs for such facilities jointly used.

(11) "Engineering and supervision" includes the portion of the pay and expenses of engineers, surveyors, draftsmen, inspectors, superintendents and their assistants applicable to construction work.

(12) "General administration capitalized" includes the portion of the pay and expenses of the general officers and administrative and general expenses applicable to construction work.

(13) "Engineering services" includes amounts paid to other companies, firms or individuals engaged by the utility to plan, design, prepare estimates, supervise, inspect, or give general advice and assistance in connection with construction work. A copy of the agreement or arrangement under which such services are rendered shall be preserved.

(14) "Insurance" includes premiums paid or amounts provided or reserved as self-insurance for the protection against loss and damages in connection with construction, by fire or other casualty, injury to or death of persons other than employees, damages to property of others, defalcation of employees and agents, and the non-performance of contractual obligations of others. It does not include workmen's compensation or similar insurance on employees included as "labor" in item 2, above.

(15) "Law expenditures" includes the general law expenditures incurred in connection with construction and the court and legal costs directly related thereto, other than law expenses included in protection, item 7, and in injuries and damages, item 8.

(16) "Taxes" includes taxes on physical property (including land) during the period of construction and other taxes properly includible in construction costs before the facilities become available for service.

(17) "Interest during construction" includes the net cost of borrowed funds used for construction purposes and a reasonable rate upon the utility's own funds when so used. Interest during construction shall be charged to the individual job upon which the funds are expended and shall be credited to account 536, Interest Charged to Construction—Cr. The period for which interest may be capitalized shall be limited to the period of construction. No interest charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

NOTE.—When a part only of a plant or project is placed in operation or is completed and ready for service but the construction work as a whole is incomplete, that part of the cost of the property placed in operation, or ready for service, shall be treated as "Utility Plant in Service", and interest thereon as a charge to construction shall cease. Interest on that part of the cost of the plant which is incomplete may be continued as a charge to construction until such time as it is placed in operation or is ready for service, except as limited in item 17, above.

(18) "Earnings and expenses during construction." The earnings and expenses during construction shall constitute a component of construction costs.

(a) The earnings shall include revenues received or earned for power produced by generating plants during the construction period and sold or used by the utility. Where such power is sold to an independent purchaser before intermingling with power generated by other plants, the credit shall consist of the selling

price of the energy. Where the power generated by a plant under construction is delivered to the utility's electric system for distribution and sale, or is delivered to an associated company, or is delivered to and used by the utility for purposes other than distribution and sale (for manufacturing or industrial use, for example), the credit shall be the fair value of the energy so delivered. The revenues shall also include rentals for lands, buildings, etc., and miscellaneous receipts not properly includible in other accounts.

(b) The expenses shall consist of the cost of operating the power plant, and other costs incident to the production and delivery of the power for which construction is credited under paragraph (a), above, including the cost of repairs and other expenses (but not taxes) of operating and maintaining lands, buildings, and other property, and other miscellaneous and like expenses not properly includible in other accounts.

6. Overhead Construction Costs.

A. All overhead construction costs, such as engineering, supervision, general office salaries and expenses, construction engineering and supervision by others than the accounting utility, law expenses, insurance, injuries and damages, relief and pensions, taxes and interest, shall be charged to particular jobs or units ~~on the~~ basis of the amounts of such overheads reasonably applicable thereto, to the end that each job or unit shall bear its equitable proportion of such costs and that the entire cost of the unit, both direct and overhead, shall be deducted from the utility plant accounts at the time the unit of property is retired.

B. The instructions contained herein shall not be interpreted as permitting the addition to utility plant accounts of arbitrary percentages or amounts to cover assumed overhead costs, but as requiring the assignment to particular jobs and accounts of actual and reasonable overhead costs.

C. The records supporting the entries for overhead construction costs shall be so kept as to show the total amount of each overhead for each year, the nature and amount of each overhead expenditure charged to each construction work order and to each utility plant account, and the bases of distribution of such costs.

7. Leased Property, Expenditures on.

A. Except as provided in paragraph B, following, the cost of initial improvements (including repairs, rearrangements, additions and betterments) to property leased from others made in the course of preparing the property for service, and the cost of any subsequent additions or betterments to such leased property shall be charged to the utility plant or other property account appropriate for the class of property leased. (See account 100-1 and operating expense instruction 5.)

B. When the initial improvements to leased property which are otherwise chargeable to utility plant or other property accounts are of relatively minor cost or short life or the lease is for a period of not more than one year, the cost shall be charged to the account in which the rent expense is included.

8. Temporary Facilities.

When property ordinarily having a service life of more than one year is installed for temporary use in utility service, it shall be accounted for in the manner prescribed for utility plant in service.

9. Land and Land Rights.

A. "Land and Land Rights" means land owned in fee by the utility and rights, interests, and privileges held by the utility in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, submersion rights, rights of way, and other like interests in land.

B. The accounts for land and land rights shall include the first cost, including the amounts of mortgages or other liens assumed, but not rents payable periodically with respect to such rights.

C. Where special assessments for public improvements provide for deferred payments, the full amount of the assessments shall be charged to the appropriate land account and the unpaid balance shall be carried in an appropriate liability account. Interest on unpaid balances shall be charged to the appropriate interest account. If any part of the cost of public improvements is included in the general tax levy, the amount thereof shall be charged to the appropriate tax account.

D. The net profit from the sale of timber, cord wood, or other property acquired with rights of way or other lands shall be credited

to the appropriate land and land rights or clearing land account. Where land is held for a considerable period of time and timber on the land at the time of purchase increases in value, the net profit (after giving effect to the cost of the timber) from the sales of timber or its products shall be credited to account 526, Miscellaneous Non-operating Revenues.

E. Separate entries shall be made for the acquisition, transfer, or retirement of each parcel of land, and each land right, or water right, having a life of more than one year. A record shall be maintained showing the nature of ownership, full legal description, area, map reference, purpose for which used, city, county, and tax district in which situated, from whom purchased or to whom sold, payment given or received, other costs, contract date and number, date of recording of deed, and book and page of record. Entries transferring or retiring land or land rights shall refer to the original entry recording its acquisition.

F. Any difference between the amount received from the sale of land or land rights, less agents' commissions and other costs incident to the sale, and the book cost of such land or rights, shall be charged to account 414, Miscellaneous Debits to Surplus, or credited to account 401, Miscellaneous Credits to Surplus, as appropriate, unless a reserve therefor has been authorized and provided. Appropriate adjustments of the accounts shall be made with respect to any structures or improvements located on land sold.

G. Entries to the utility plant accounts for limited-term interests in land shall make specific reference to the lease, contract or arrangement under which each interest is held or used, together with a concise statement of the terms of the lease, contract or arrangement.

H. The cost of buildings and other improvements (other than public improvements) shall not be included in the land accounts. If at the time of acquisition of an interest in land such interest extends to buildings or other improvements (other than public improvements), which are then devoted to electric operations, the land and improvements shall be separately appraised and the cost allocated to land and buildings or improvements on the basis of the appraisals. If the improvements are removed or wrecked without being used in operations, the cost of removing or wrecking shall be charged and the salvage credited to the account in which the cost of the land is recorded.

I. The cost of land acquired in excess of that used in electric operations shall be included in account 110, Other Physical Property, or account 100-4, Utility Plant Held for Future Use; as appropriate.

J. When the purchase of land for electric operations requires the purchase of land not used for such purposes, the charge to the specific land account shall be based upon the cost of the land purchased, less the estimated fair market value of that portion of the land which is not used for electric operations. The fair market value of such land not used for electric operations shall be included in account 110, Other Physical Property.

K. When the purchase of land for electric operations requires the purchase of land not used for such purpose, but held for such purpose, the charge to the specific land account shall be based upon the estimated cost of only that portion which is used for electric operations, and the cost of the remaining land shall be included in account 100-4, Utility Plant Held for Future Use.

L. Provision shall be made for amortizing amounts carried in the accounts for limited-term interests in land. The amortization of limited-term interests in land shall be accomplished in such manner as to apportion equitably the cost of each interest over the life thereof and to produce a charge to operating expenses, for each accounting period, of the amount properly chargeable thereto for such period. (See account 251, Reserve for Amortization of Limited-Term Utility Investments, and account 504, Amortization of Limited-Term Utility Investments.)

M. The items of cost to be included in the accounts for land and land rights are as follows:

Bulkheads, buried, not requiring maintenance or replacement.
Cost, first, of acquisition including mortgages and other liens assumed (but not subsequent interest thereon).
Clearing (first cost) the land of brush, trees, and debris; also tree trimming (first cost) when not chargeable to other utility plant accounts.
Condemnation proceedings, including court and counsel costs.
Consents and abutting damages, payment for.
Conveyancers' and notaries' fees.
Fees, commissions, and salaries to brokers, agents and others in connection with the acquisitions of the land or land rights.

Grading the land, except when directly occasioned by the building of a structure.
Leases, cost of voiding upon purchase to secure possession of land.
Removing, relocating, or reconstructing property of others, such as buildings, highways, railroads, bridges, cemeteries, churches, telephone and power lines, etc., in order to acquire quiet possession.
Special assessments levied by public authorities for public improvements on the basis of benefits for new roads, new bridges, new sewers, new curbing, new pavements, and other public improvements, but not taxes levied to provide for the maintenance of such improvements.
Surveys in connection with the acquisition.
Taxes assumed, accrued to date of transfer of title.
Title, examining, clearing, insuring, and registering in connection with the acquisition and defending against claims relating to the period prior to the acquisition.

10. Structures and Improvements.

A. "Structures and improvements" means all permanent buildings and structures to a house, support or safeguard property or persons, and improvements of a permanent character on or to land.

B. "Buildings" means permanent structures to house, support or safeguard property or persons, including all fixtures permanently attached to and made a part of buildings and which cannot be removed therefrom without cutting into the walls, ceilings or floors, or without in some way impairing the buildings.

C. "Improvements" means permanent improvements (other than buildings) to land.

D. Items of Cost.

A. Buildings:

Architects' plans.
Ash pits (when located within the building proper).
Boilers, furnaces, piping, wiring, fixtures, and machinery for heating, lighting, signaling, ventilating, and plumbing.
Bulkheads, including dredging, riprap fill, piling, decking, concrete, fenders, etc., when exposed and subject to maintenance and replacement.
Chimneys.
Coal bins and bunkers.
Commissions and fees to brokers, agents, architects and others.

Conduit (not to be removed) with its contents.
Damages to abutting property during construction.
Door checks and door stops.
Drainage and sewerage systems.
Elevators, cranes, hoists, etc., and the machinery for operating them.
Excavation, including shoring, bracing, bridging, refill, and disposal of excess excavated material.
Fire protection systems when forming a part of a structure.
Floor covering (permanently attached).
Foundations and piers for machinery, constructed as a permanent part of a building or other item listed herein.
Grading when directly occasioned by the building of a structure.
Leases, voiding upon purchase, to secure possession of structures.
Leased property, expenditures on.
Lighting fixtures.
Painting, first.
Partitions, including movable.
Permits and privileges.
Platforms, railings and gratings when constructed as part of a structure.
Power boards for services to a building.
Refrigerating systems for general use.
Retaining walls.
Scales, connected to and forming a part of a structure.
Screens.
Sprinkling systems.
Stacks—brick, steel, or concrete, when set on foundation forming part of general foundation and steelwork of a building.
Storage facilities constituting a part of a building.
Storm doors and windows.
Subways, areaways, and tunnels, directly connected to and forming part of a structure.
Tunnels, intake and discharge, when constructed as part of a structure.
Vaults constructed as part of a building.
Water supply system for a building.
Window shades and ventilators.

B. Other Structures and Improvements:

Athletic fields.
Docks.
Fences and fence curbs (not including protective fences isolating individual items of equipment, which should be charged to the appropriate equipment account).

Gas and oil supply systems, including pipe lines, holders, boosters, etc.
Intra-site communication system, poles, pole fixtures, wires and cables.
Landscaping, lawns, shrubbery, etc.
Roadways, railroads, bridges, and trestles intra-site except railroads provided for in equipment accounts.
Sewer systems, for general use.
Sidewalks, curbs and streets constructed by the utility.
Water front improvements.
Water supply piping, hydrants and wells.
Yard drainage system.
Yard lighting system,
Yard surfacing, gravel, concrete, or oil.

NOTE.—The cost of disposing of material excavated in connection with construction shall be considered as a part of the cost of such work, except as follows: (a) When such material is used for filling, the cost of loading, hauling and dumping shall be equitably apportioned between the work in connection with which the removal occurs and the work in connection with which the material is used; (b) When such material is sold, the net amount realized from such sales shall be credited to the work in connection with which the removal occurs. If the amount realized from the sale of excavated materials exceeds the removal costs and the costs in connection with the sale, the excess shall be credited to the land account in which the site is carried.

E. Items Not Included in Buildings.

(1) Do not include in the cost of buildings, lighting, heating, or other fixtures temporarily attached for purposes of display or demonstration.

(2) The cost of specially provided foundations not expected to outlast the machinery or apparatus for which provided, and the cost of angle irons, castings, etc., installed at the base of an item of equipment, shall be charged to the same account as the cost of the machinery, apparatus, or equipment.

(3) Minor buildings and structures, such as valve towers, patrolmen's towers, telephone stations, etc., which are used directly in connection with or form a part of a reservoir, dam, waterway, etc., shall be considered a part of the facility in connection with which constructed or operated and the cost thereof accounted for accordingly.

(4) When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate plant account, and no part to the building account.

(5) Where the structure of a dam forms also the foundation of the power plant building, such foundation shall be considered a part of the dam.

11. Equipment.

A. "Equipment" as used in this system of accounts, means all tangible utility plant, other than land and structures as herein defined.

B. The cost of equipment, unless otherwise indicated in the text of an equipment account, includes, in addition to the actual price thereof, sales taxes, investigation and inspection expenses necessary to such purchase, expenses of transportation when borne by the utility, labor employed, materials and supplies consumed, and expenses incurred by the utility in unloading and placing the equipment in readiness to operate.

C. Exclude from equipment accounts hand and other portable tools which are likely to be lost or stolen or which have relatively small value ($10 or less) or short life, unless the correctness of the accounting therefor is verified by current inventories. Special tools acquired and included in the purchase price of equipment shall be included in the appropriate plant account. Portable drills and similar tool equipment when used in connection with the operation and maintenance of a particular plant or department, such as production, transmission, distribution, etc., or in "stores," shall be charged to the plant account appropriate for their use.

D. The equipment accounts shall include angle irons and similar items which are installed at the base of an item of equipment, but piers and foundations which are designed to be as permanent as the buildings which house the equipment, or which are constructed as a part of the building and which cannot be removed without cutting into the floors or the walls of the building, shall be included in the building accounts.

E. The equipment accounts shall include all the necessary costs of testing or running a plant or part thereof during an experimental or test period prior to becoming available for service. The accounting utility shall furnish the Commission with full particulars of and justification for any test or experimental run extending beyond a period of thirty days.

F. The cost of efficiency or other tests made subsequent to the date equipment becomes available for service shall be charged to the

appropriate expense accounts, except that tests to determine whether equipment meets the specifications and requirements as to efficiency, performance, etc., guaranteed by manufacturers, made after operations have commenced and within the period specified in the agreement or contract of purchase, may be charged to the appropriate utility plant account.

12. Additions and Retirements of Utility Plant.

A. For the purpose of avoiding undue refinement in accounting for additions to and retirements and replacements of utility plant, all property shall be considered as consisting of (1) units of property and (2) minor items of property.

B. Units of property. Each utility may adopt its own list of units for the purpose of this instruction until such time as the Commission shall prescribe a list of units.

(1) When a unit of property is added to utility plant, the cost thereof shall be added to the appropriate utility plant account, except that when units are acquired in the acquisition of any utility plant constituting an operating system, they shall be accounted for as provided in utility plant instruction 4.

(2) When a unit of property is retired from utility plant, with or without replacement, the book cost thereof shall be credited to the utility plant account in which it is included, determined in the manner set forth in paragraph D, below. If the unit of property is of a depreciable class and the cause of the retirement is one for which provision has been made in the depreciation reserve, the book cost of the unit retired and credited to utility plant shall be charged to the depreciation reserve provided for such property. (See paragraph G, below, for utility plant retired for causes not factors in computing depreciation, and also utility plant instruction 13.)

C. Minor Items of Property.

(1) When a minor item of property which did not previously exist is added to plant, the cost thereof shall be accounted for in the same manner as for the addition of a unit of property, as set forth in paragraph B (1), above, if a substantial addition results, otherwise the charge shall be to the appropriate operating expense account.

(2) When a minor item of property is retired and not replaced, the book cost thereof shall be credited to the utility plant account in which it is included; and, in the event the minor item is a part of

depreciable plant, the depreciation reserve shall be charged with the book cost and cost of removal and credited with the salvage. If, however, the book cost of the minor item retired and not replaced has been or will be accounted for by its inclusion in the unit of property of which it is a part when such unit is retired, no separate credit to the property account is required when such minor item is retired.

(3) When a minor item of depreciable property is replaced independently of the unit of which it is a part, the cost of replacement shall be charged to the maintenance account appropriate for the item, except that if the replacement effects a substantial betterment (the primary aim of which is to make the property affected more useful, more efficient, of greater durability, or of greater capacity), the excess cost of the replacement over the estimated cost at current prices of replacing without betterment shall be charged to the appropriate utility plant account.

D. Determination of book cost. The book cost of utility plant retired shall be the amount at which such property is included in the utility plant accounts, including all components of construction costs. The book cost shall be determined from the utility's records and if this cannot be done, it shall be estimated. When it is impracticable to determine the book cost of each item, due to the relatively large number or small cost thereof, the average book cost of the items, with due allowance for any differences in size and character, shall be used as the book cost of the items retired.

E. Land retired. The book cost of land retired shall be credited to the appropriate land account. If the land is sold, the difference between the book cost (less any reserve therefor which has been authorized and provided) and the sale price of the land (less commissions and other expenses of making the sale) shall be credited to account 401, Miscellaneous Credits to Surplus, or debited to account 414, Miscellaneous Debits to Surplus, as appropriate. If the land is not used in electric service but is retained by the utility, the book cost shall be charged to account 100-4, Utility Plant Held for Future Use, or account 110, Other Physical Property, as appropriate.

F. Utility plant sold. When utility plant constituting an operating unit or system is sold, conveyed, or transferred to another by sale, merger, consolidation, or otherwise, the book cost of the property sold or transferred to another shall be credited to the appropriate utility plant accounts, including amounts carried in account 100.5, Utility Plant Acquisition Adjustments, and the amounts (estimated

if not known) carried with respect thereto in the depreciation and amortization reserve accounts and in account 241, Customers' Advances for Construction, and account 265, Contributions in Aid of Construction, shall be charged to such reserves and accounts. Unless otherwise ordered by the Commission, the difference, if any, between (a) the net amount of debits and credits and (b) the consideration received for the property (less commissions and other expenses of making the sale) shall be included in account 414, Miscellaneous Debits to Surplus, or account 401, Miscellaneous Credits to Surplus, as appropriate. (See account 392, Utility Plant Sold.)

G. The service value of depreciable utility plant retired shall be charged in its entirety to account 250, Reserve for Depreciation of Utility Plant. Any amounts which by approval or order of the Commission are charged to account 141, Extraordinary Property Losses, shall be credited to account 250, Reserve for Depreciation of Utility Plant.

H. The accounting for the retirement of amounts included in account 302, Franchises and Consents, and account 303, Miscellaneous Intangible Plant, and the items of limited-term interests in land included in the accounts for land and land rights, shall be as provided for in the text of account 251, Reserve for Amortization of Limited-Term Utility Investments, and account 504, Amortization of Limited-Term Utility Investments.

I. Additions and retirements of utility plant shall not be netted in the entries or in the posting of the entries.

13. Work Order System Required.

A. All changes in utility plant (except the purchase or sale of utility plant constituting an operating unit or system) shall be recorded by means of work orders or job orders. Separate work orders may be opened for additions to and retirements of utility plant or the retirements may be included with the construction work order, provided, however, that all items relating to retirements shall be kept distinctly separate from those relating to construction and provided, further, that any maintenance costs involved in the work shall likewise be kept distinctly separate.

B. Each utility shall keep its work order system in such manner as to show the nature of each addition to or retirement of utility plant, the total cost thereof, the source or sources of costs and the utility

plant account or accounts to which charged or credited. Work orders covering jobs of short duration may be cleared monthly.

14. Transfers of Property.

A. When property is transferred from one account for utility plant to another, from one utility department to another, such as from electric to gas, from one operating division or area to another, to or from accounts 100-1, Utility Plant in Service, 100-2, Utility Plant Leased to Others and 100-4, Utility Plant Held for Future Use, the transfer shall be recorded by transferring the book cost thereof from the one account, department or location to the other, and likewise any related amounts carried in the depreciation or amortization reserves and other accounts shall be transferred in accordance with the segregation of such reserves and other accounts.

B. When property subject to depreciation or amortization is transferred from the utility plant accounts to account 110, Other Physical Property, the transfer shall be accomplished by crediting the utility plant accounts and charging the depreciation or amortization reserve with the book cost of the item transferred; the depreciation or amortization reserve shall then be credited and account 110, Other Physical Property, charged with the estimated fair value of the property transferred.

15. Common Utility Plant.

A. If the utility is engaged in more than one utility service, such as electric, gas, and street railway, and any of its utility plant is used in common for several utility services or for other purposes to such an extent and in such manner that it is impracticable to segregate it by utility services currently in the accounts, such property may, but only with the approval of the Commission, be designated and classified as "Common Utility Plant."

B. Utility plant designated as common utility plant shall be classified according to the detailed utility plant accounts appropriate for the property.

C. The utility shall be prepared to show at any time and to report to the Commission annually, or more frequently if required, and by utility plant accounts (301 to 393), the following: (1) the book cost of common utility plant, (2) the allocation of such cost to the respective departments using the common utility plant and (3) the basis of the allocation.

D. The depreciation and amortization reserves of the utility shall be so segregated as to show the amount of each reserve applicable to the property classified as common utility plant.

E. The expenses of operation, maintenance, depreciation and amortization of common utility plant shall be recorded in the accounts prescribed herein, but designated as common expenses, and the allocation of such expenses to the departments using the common utility plant shall be supported in the same manner as the allocation of the cost of such property.

16. Transmission and Distribution Plant.

For the purpose of this system of accounts:

A. "Transmission system" means: (1) all land, conversion structures, and equipment employed at a primary source of supply (i.e., generating station, or point of receipt in the case of purchased power) to change the voltage or frequency of electric energy for the purpose of its more efficient or convenient transmission; (2) all land, structures, lines, switching and conversion stations, high tension apparatus, and their control and protective equipment between a generating or receiving point and the entrance to a distribution center or wholesale point, and (3) all lines and equipment whose primary purpose is to augment, integrate or tie together the sources of power supply.

B. "Distribution system" means all land, structures, conversion equipment, lines, line transformers, and other facilities employed between the primary source of supply (i.e., generating station, or point of receipt in the case of purchased power) and of delivery to customers, which are not includible in transmission system, as defined in paragraph A, whether or not such land, structures and facilities are operated as part of a transmission system or as part of a distribution system.

NOTE.—Stations which change the energy from transmission to distribution voltage shall be classified as distribution stations.

C. Where poles or towers support both transmission and distribution conductors, the poles, towers, anchors, guys, and right of way shall be classified as transmission system. The conductors, crossarms, braces, grounds, tie-wire, insulators, etc., shall be classified as transmission or distribution facilities, according to the purpose for which used.

D. Where underground conduit contains both transmission and distribution conductors, the underground conduit and right of way

shall be classified as distribution system. The conductors shall be classified as transmission or distribution facilities according to the purpose for which used.

E. Land (other than right of way) and structures used jointly for transmission and distribution purposes shall be classified as transmission or distribution according to the major use thereof.

UTILITY PLANT ACCOUNTS

I. INTANGIBLE PLANT

301. Organization
302. Franchises and Consents
303. Miscellaneous Intangible Plant

II. PRODUCTION PLANT

A. Steam Production

310. Land and Land Rights
311. Structures and Improvements
312. Boiler Plant Equipment
313. Engines and Engine Driven Generators
314. Turbo-Generator Units
315. Accessory Electric Equipment
316. Miscellaneous Power Plant Equipment

B. Hydraulic Production

320. Land and Land Rights
321. Structures and Improvements
322. Reservoirs, Dams and Waterways
323. Water Wheels, Turbines and Generators
324. Accessory Electric Equipment
325. Miscellaneous Power Plant Equipment
326. Roads, Railroads and Bridges

C. Internal Combustion Engine Production

330. Land and Land Rights
331. Structures and Improvements
332. Fuel Holders, Producers and Accessories
333. Internal Combustion Engines
334. Generators
335. Accessory Electric Equipment
336. Miscellaneous Power Plant Equipment

III. TRANSMISSION PLANT

340. Land and Land Rights
341. Clearing Land and Rights of Way
342. Structures and Improvements
343. Station Equipment
344. Towers and Fixtures
345. Poles and Fixtures
346. Overhead Conductors and Devices
347. Underground Conduit
348. Underground Conductors and Devices
349. Roads and Trails

IV. DISTRIBUTION PLANT

350. Land and Land Rights
351. Structures and Improvements
352. Station Equipment
353. Storage Battery Equipment
354. Poles, Towers and Fixtures
355. Overhead Conductors and Devices
356. Underground Conduit
357. Underground Conductors and Devices
358. Line Transformers
359. Services
360. Meters
361. Installations on Customers' Premises
362. Leased Property on Customers' Premises
363. Street Lighting and Signal Systems

V. GENERAL PLANT

370. Land and Land Rights
371. Structures and Improvements
372. Office Furniture and Equipment
373. Transportation Equipment
374. Stores Equipment
375. Shop Equipment
376. Laboratory Equipment
377. Tools and Work Equipment
378. Communication Equipment
379. Miscellaneous Equipment

390. Other Tangible Property
391. Utility Plant Purchased
392. Utility Plant Sold

UTILITY PLANT ACCOUNTS

I. INTANGIBLE PLANT

301. Organization.

This account shall include all fees paid to federal or state governments for the privilege of incorporation and expenditures incident to organizing the corporation, partnership or other enterprise and putting it into readiness to do business.

ITEMS

Cost of obtaining certificates authorizing an enterprise to engage in the public utility business.
Fees and expenses for incorporation.
Fees and expenses for mergers or consolidations.
Office expenses incident to organizing the utility.
Stock and minute books and corporate seal.

NOTE A.—This account shall not include any discounts upon securities issued or assumed; nor shall it include any costs incident to negotiating loans, selling bonds or other evidences of debt or expenses in connection with the authorization, issuance, or sale of capital stock.

NOTE B.—Exclude from this account and include in the appropriate expense account the cost of preparing and filing papers in connection with the extension of the term of incorporation unless the first organization costs have been written off. When charges are made to this account for expenses incurred in mergers, consolidations, or reorganizations, amounts previously included herein or in similar accounts in the books of the companies concerned shall be excluded from this account.

302. Franchises and Consents.

A. This account shall include amounts paid to the federal government, to a state or to a political subdivision thereof in consideration for franchises, consents, or certificates, running in perpetuity or for a specified term of more than one year, together with necessary and reasonable expenses incident to procuring such franchises, consents, or certificates of permission and approval.

B. If a franchise, consent or certificate is acquired by assignment, the charge to this account in respect thereof shall not exceed the amount paid therefor by the utility to the assignor, nor shall it exceed the amount paid by the original grantee, plus the expense of acquisi-

tion to such grantee. Any excess of the amount actually paid by the utility over the amount above specified shall be charged to account 414, Miscellaneous Debits to Surplus.

C. When any franchise has expired, the book cost thereof shall be credited hereto and charged to account 414, Miscellaneous Debits to Surplus, or to account 251, Reserve for Amortization of Limited-Term Utility Investments, as appropriate.

D. This account shall be maintained in such a manner as to show separately the amounts included for perpetual franchises and for limited-term franchises.

NOTE.—Assessments in respect to franchises shall not be included herein but in the appropriate operating expense account.

303. Miscellaneous Intangible Plant.

A. This account shall include the cost of patent rights, licenses, privileges, and other intangible property necessary or valuable in the conduct of the utility's electric operations and not specifically chargeable to any other account.

B. When any item included in this account is retired or expires, the book cost thereof shall be credited hereto and charged to account 414, Miscellaneous Debits to Surplus, or account 251, Reserve for Amortization of Limited-Term Utility Investments, as appropriate.

C. This account shall be maintained in such a manner that the utility can furnish full information with respect to the amounts included herein.

II. PRODUCTION PLANT

A. Steam Production

310. Land and Land Rights.

This account shall include the cost of land and land rights employed in connection with steam power generation. (See utility plant instruction 9.)

311. Structures and Improvements.

This account shall include the cost in place of structures and improvements used and useful in connection with steam power generation. (See utility plant instruction 10.)

NOTE.—Include steam production roads and railroads in this account.

312. **Boiler Plant Equipment.**

This account shall include the cost installed of furnaces, boilers, coal and ash handling and coal preparing equipment, steam and feed water piping, boiler apparatus and accessories used in the production of steam, mercury or other vapor, to be used primarily for generating electricity.

ITEMS

Ash handling equipment, including hoppers, gates, cars, conveyors, hoists, sluicing equipment, including pumps and motors, sluicing water pipe and fittings, sluicing trenches and accessories, etc., except sluices which are a part of a building.

Boiler feed system, including feed water heaters, evaporator condensers, heater drain pumps, heater drainers, deaerators, and vent condensers, boiler feed pumps, surge tanks, feed water regulators, feed water measuring equipment, and all associated drives.

Boiler plant cranes and hoists and associated drives.

Boilers and equipment, including boilers and baffles, economizers, superheaters, soot blowers, foundations and settings, water walls, arches, grates, insulation, blow down system, drying out of new boilers, also associated motors or other power equipment.

Breeching and accessories, including breeching, dampers, soot spouts, hoppers and gates, cinder eliminators, breeching insulation, soot blowers and associated motors.

Coal handling and storage equipment, including coal towers, coal lorries, coal cars, locomotives and tracks when devoted principally to the transportation of coal, hoppers, downtakes, unloading and hoisting equipment, skip hoists and conveyors, weighing equipment, magnetic separators, cable ways, housings and supports for coal handling equipment.

Draft equipment, including air preheaters and accessories, induced and forced draft fans, air ducts, combustion control mechanisms, and associated motors or other power equipment.

Gas burning equipment, including holders, burner equipment and piping control equipment, etc.

Instruments and devices, including all measuring, indicating and recording equipment for boiler plant service together with mountings and supports.

Lighting systems.

Oil burning equipment, including tanks, heaters, pumps with drive, burner equipment and piping, control equipment, etc.

Pulverized fuel equipment, including pulverizers, accessory motors, primary air fans, cyclones and ducts, dryers, pulverized fuel bins, pulverized fuel conveyors and equipment, burners, burner piping, priming equipment, air compressors, motors, etc.

Stacks, including foundations and supports, stack steel and ladders, stack brick work, stack concrete, stack lining, stack painting (first), when set on separate foundations, independent of substructure or superstructure of building.

Station piping, including pipe, valves, fittings, separators, traps, desuperheaters, hangers, excavation, covering, etc., for station piping system, including all steam, condensate, boiler feed and water supply piping, etc., but not condensing water, plumbing, building heating, oil, gas, air piping or piping specifically provided for in account 313.

Stoker or equivalent feeding equipment, including stokers and accessory motors, clinker grinders, fans and motors, etc.

Ventilating equipment.

Water purification equipment, including softeners and accessories, evaporators and accessories, heat, exchangers, filters, tanks for filtered or softened water, pumps, motors, etc.

Water supply systems, including pumps, motors, strainers, raw water storage tanks, boiler wash pumps, intake and discharge pipes and tunnels not a part of a building.

Wood fuel equipment, including hoppers, fuel hogs and accessories, elevators and conveyors, bins and gates, spouts, measuring equipment and associated drives.

NOTE.—When the system for supplying boiler or condenser water is elaborate as when it includes a dam, reservoir, canal, pipe line, cooling ponds, or where gas or oil is used as a fuel for producing steam and is supplied through a pipe line system owned by the utility, the cost of such special facilities shall be charged to a subdivision of account 311, Structures and Improvements.

313. Engines and Engine Driven Generators.

This account shall include the cost installed of steam engines, reciprocating or rotary, and their associated auxiliaries; and engine driven main generators, except turbo-generator units.

ITEMS

Air cleaning and cooling apparatus, including blowers, drive equipment, air ducts not a part of building, louvres, pumps, hoods, etc.

Belting, shafting, pulleys, reduction gearing, etc.

Circulating pumps, including connections between condensers and intake and discharge tunnels.

Cooling system, including towers, pumps, tank and piping.

Condensers, including condensate pumps, air and vacuum pumps, ejectors, unloading valves and vacuum breakers, expansion devices, screens, etc.

Cranes, hoists, etc., including items wholly identified with items listed herein.

Engines, reciprocating or rotary.

Fire extinguishing systems.

Foundations and settings, especially constructed for and not expected to outlast the apparatus for which provided.
Generators—main, A.C. or D.C., including field rheostats and connections for self-excited units, and excitation systems when identified with the generating unit.
Governors.
Lighting systems.
Lubricating systems, including gauges, filters, tanks, pumps, piping, motors, etc.
Mechanical meters, including gauges, recording instruments, sampling and testing equipment.
Piping—main exhaust, including connections between generator and condenser and between condenser and hotwell.
Piping—main steam, including connections from main throttle valve to turbine inlet.
Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
Pressure oil system, including accumulators, pumps, piping, motors, etc.
Throttle and inlet valve.
Tunnels, intake and discharge, for condenser system when not a part of a structure.
Water screens, motors, etc.

314. Turbo-Generator Units.

This account shall include the cost installed of main turbine driven units and accessory equipment used in generating electricity by steam.

ITEMS

Air cleaning and cooling apparatus, including blowers, drive equipment, air ducts not a part of building, louvres, pumps, hoods, etc.
Circulating pumps, including connections between condensers and intake and discharge tunnels.
Condensers, including condensate pumps, air and vacuum pumps, ejectors, unloading valves and vacuum breakers, expansion devices, screens, etc.
Cooling system, including towers, pumps, tanks and piping.
Cranes, hoists, etc., including items wholly identified with items listed herein.
Excitation system when identified with main generating units.
Fire extinguishing systems.
Foundations and settings, especially constructed for and not expected to outlast the apparatus for which provided.
Governors.
Lighting systems.
Lubricating systems, including gauges, filters, tanks, pumps, piping, motors, etc.

Mechanical meters, including gauges, recording instruments, sampling and testing equipment.
Piping—main exhaust, including connections between turbo-generator and condenser and between condenser and hotwell.
Piping—main steam, including connections from main throttle valve to turbine inlet.
Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
Pressure oil systems, including accumulators, pumps, piping, motors, etc.
Steelwork, specially constructed for apparatus listed herein.
Throttle and inlet valve.
Tunnels, intake and discharge, for condenser system when not a part of structure, water screens, etc.
Turbo-generators—main, including turbine and generator, field rheostats and electric connections for self-excited units.
Water screens, motors, etc.

315. Accessory Electric Equipment.

This account shall include the cost installed of auxiliary generating apparatus, conversion equipment and equipment used primarily in connection with the control and switching of electric energy produced by steam power, and the protection of electric circuits and equipment, except electric motors used to drive equipment included in other accounts. Such motors shall be included in the account in which the equipment with which they are associated is included.

ITEMS

Auxiliary generators, including boards, compartments, switching equipment, control equipment and connections to auxiliary power bus.
Excitation system, including motor, turbine and dual drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument shunts, conductors and conduit, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housings, protective screens, etc.
Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, current transformers, potential transformers, protective relays, isolated panels and equipment, conductors and conduit, special supports for generator main leads, grounding switch, etc., special housings, protective screens, etc.
Station buses, including main, auxiliary transfer, synchronizing and fault ground buses, including oil circuit breakers and

accessories, disconnecting switches and accessories, operating mechanisms and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors, starting transformers, current transformers, potential transformers, protective relays, storage batteries and charging equipment, isolated panels and equipment, conductors and conduits, special supports, special housings, concrete pads, general station grounding system, special fire extinguishing system, and test equipment.

Station control system, including station switchboards with panel wiring, panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, truck type boards complete, cubicles, station supervisory control boards, generator and exciter signal stands, temperature recording devices, frequency control equipment, master clocks, watt-hour meter and synchronoscope in the turbine room, station totalizing wattmeter, boiler room load indicator equipment, storage batteries, panels and charging sets, instrument transformers for supervisory metering, conductors and conduit, special supports for conduit, switchboards, batteries, special housing for batteries, protective screens, doors, etc.

NOTE A.—Do not include in this account transformers and other equipment used for changing the voltage or frequency of electric energy for the purpose of transmission or distribution.

NOTE B.—When any item of equipment listed herein is used wholly to furnish power to equipment included in another account, its cost shall be included in such other account.

316. Miscellaneous Power Plant Equipment.

This account shall include the cost installed of miscellaneous equipment in and about the steam generating plant devoted to general station use, and which is not properly includible in any of the foregoing steam power production accounts.

ITEMS

Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.

Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.

Fire extinguishing equipment for general station use.

Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

Locomotive cranes not includible elsewhere.

Locomotives not includible elsewhere.

Marine equipment, including boats, barges, etc.

Miscellaneous belts, pulleys, countershafts, etc.

Miscellaneous equipment, including atmospheric and weather indicating devices, intra-site communication system, laboratory equipment, signal systems, callophones, emergency whistles and sirens, fire alarms, insect control equipment, and other similar equipment.
Railway cars not includible elsewhere.
Refrigerating systems, including compressors, pumps, cooling coils, etc.
Station maintenance equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.
Ventilating equipment, including items wholly identified with apparatus listed herein.

NOTE.—When any item of equipment listed herein is wholly used in connection with equipment included in another account, its cost shall be included in such other account.

B. Hydraulic Production

320. Land and Land Rights.

This account shall include the cost of land and land rights used and useful in connection with hydraulic power generation. (See utility plant instruction 9.)

321. Structures and Improvements.

This account shall include the cost in place of structures and improvements used and useful in connection with hydraulic power generation. (See utility plant instruction 10.)

322. Reservoirs, Dams and Waterways.

This account shall include the cost in place of facilities used for impounding, collecting, storage, diversion, regulation, and delivery of water used primarily for generating electricity.

ITEMS

Bridges and culverts (when not a part of roads or railroads).
Clearing and preparing land.
Dams, including wasteways, spillways, flash boards, spillway gates with operating and control mechanisms, tunnels, gate houses, and fish ladders.
Dikes and embankments.
Electric system, including conductors, control system, transformers, lighting fixtures, etc.
Excavation, including shoring, bracing, bridging, refill and disposal of excess excavated material.

Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
Intakes, including trash rack, rack cleaners, control gates and valves with operating mechanisms, intake house when not a part of station structure.
Platforms, railings, steps, gratings, etc., appurtenant to structures listed herein.
Power lines wholly identified with items included herein.
Retaining walls.
Water conductors and accessories, including canals, tunnels, flumes, penstocks, pipe conductors, forebays, tailraces, navigation locks and operating mechanisms, water-hammer and surge tanks, and supporting trestles and structures.
Water storage reservoirs, including dams, flash boards, spillway gates and operating mechanism, inlet and outlet tunnels, regulating valves and valve towers, silt and mud sluicing tunnels with valve or gate towers, and all other structures wholly identified with any of the foregoing items.

323. Water Wheels, Turbines and Generators.

This account shall include the cost installed of water wheels and hydraulic turbines (from connection with penstock or flume to tailrace) and generators driven thereby devoted to the production of electricity by water power or for the production of power for industrial or other purposes if the equipment used for such purposes is a part of the hydraulic power plant works.

ITEMS

Exciter water wheels and turbines, including runners, gates, governors, pressure regulators, oil pumps, operating mechanisms, scroll cases, draft tubes, draft tube supports.
Fire extinguishing equipment.
Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
Generator cooling system, including air cooling and washing apparatus, air fans and accessories, air ducts, etc.
Generators—main, A.C. or D.C., including field rheostats and connections for self-exeited units and excitation system when identified with the generating unit.
Lighting systems.
Lubricating systems, including gauges, filters, tanks, pumps, piping, etc.
Main penstock valves and appurtenances, including main valves, control equipment, by-pass valves and fittings and other accessories.
Main turbines and water wheels, including runners, gates, governors, pressure regulators, oil pumps, operating mechanisms,

scroll cases, draft tubes, draft tube supports.
Mechanical meters, and recording instruments.
Miscellaneous water wheel equipment, including gauges, thermometers, meters and other instruments.
Platforms, railings, steps, gradings, etc., appurtenant to apparatus listed herein.
Scroll case filling and drain system, including gates, pipe, valves, fittings, etc.
Water actuated pressure regulator system, including tanks and housings, pipe, valves, fittings and insulations, piers and anchorage, excavation and backfill.

324. Accessory Electric Equipment.

This account shall include the cost installed of auxiliary generating apparatus, conversion equipment and equipment used primarily in connection with the control and switching of electric energy produced by hydraulic power and the protection of electric circuits and equipment, except electric motors used to drive equipment included in other accounts, such motors being included in the account in which the equipment with which they are associated is included.

ITEMS

Auxiliary generators, including boards, compartments, switching equipment, control equipment, connections to auxiliary power bus.
Excitation system, including motor, turbine and dual drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument shunts, conductors and conduits, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housings, protective screens, etc.
Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, current transformers, potential transformers, protective relays, isolated panels and equipment, conductors and conduit, special supports for generator main leads, grounding switch, etc., special housings, protective screens, etc.
Station buses, including main, auxiliary, transfer, synchronizing and fault ground buses, including oil circuit breakers and accessories, disconnecting switches and accessories operating mechanisms, and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors, starting transformers, current transformers, potential transformers, protective relays, storage batteries and charging equipment.

isolated panels and equipment, conductors and conduit, special supports, special housings, concrete pads, general station grounding system, special fire extinguishing system and test equipment.

Station control system, including station switchboards with panel wiring, panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, truck type boards complete, cubicles, station supervisory control devices, frequency control equipment, master clocks, watt-hour meter, station totalizing watt-meter, storage batteries, panels and charging sets, instrument transformers for supervisory metering, conductors and conduits, special supports for conduits, switchboards, batteries, special housing for batteries, protective screens, doors, etc.

NOTE A.—Do not include in this account transformers and other equipment used for changing the voltage or frequency of electric energy for the purpose of transmission or distribution.

NOTE B.—When any item of equipment listed herein is used wholly to furnish power to equipment, it shall be included in such equipment account.

325. Miscellaneous Power Plant Equipment.

This account shall include the cost installed of miscellaneous equipment in and about the hydro-electric generating plant which is devoted to general station use and is not properly includible in other hydraulic production accounts.

ITEMS

Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.

Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.

Fire extinguishing equipment for general station use.

Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

Locomotive cranes not includible elsewhere.

Locomotives not included elsewhere.

Marine equipment, including boats, barges, etc.

Miscellaneous belts, pulleys, countershafts, etc.

Miscellaneous equipment, including atmospheric and weather indicating devices, intra-site communication equipment, laboratory equipment, insect control equipment, signal systems, callophones, emergency whistles and sirens, fire alarms, and other similar equipment.

Railway cars, not includible elsewhere.

Refrigerating system, including compressors, pumps, cooling coils, etc.

Station maintenance equipment, including lathes, shapers,

planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.
Ventilating equipment, including items wholly identified with apparatus listed herein.

NOTE.—When any item of equipment, listed herein, is used wholly in connection with equipment included in another account, its cost shall be included in such other account.

326. Roads, Railroads and Bridges.

This account shall include the cost of roads, railroads, trails, bridges and trestles used primarily as production facilities. It includes also those roads, etc., necessary to connect the plant with highway transportation systems, except when such roads are dedicated to public use and maintained by public authorities.

ITEMS

Bridges, including foundations, piers, girders, trusses, flooring, etc.
Clearing land.
Railroads, including grading, ballast, ties, rails, culverts, hoists, etc.
Roads, including grading, surfacing, culverts, etc.
Structures, constructed and maintained in connection with items listed herein.
Trails, including grading, surfacing, culverts, etc.
Trestles, including foundations, piers, girders, trusses, flooring, etc.

NOTE A.—Roads intended primarily for connecting employee's houses with the power plant shall not be included herein but in account 321, Structures and Improvements.

NOTE B.—Temporary roads, bridges, etc., necessary during the period of construction but abandoned or dedicated to public use upon completion of the plant, shall not be included herein but shall be charged to the accounts appropriate for the construction.

C. Internal Combustion Engine Production

330. Land and Land Rights.

This account shall include the cost of land and land rights used and useful in connection with internal combustion engine power generation. (See utility plant instruction 9.)

331. Structures and Improvements.

This account shall include the cost in place of structures and improvements used and useful in connection with internal combustion engine power generation. (See utility plant instruction 10.)

332. Fuel Holders, Producers and Accessories.

This account shall include the cost installed of fuel handling and storage equipment used between the point of fuel delivery to the station and the intake pipe through which fuel is directly drawn to the engine, also the cost of gas producers and accessories devoted to the production of gas for use in internal combustion engines driving main electric generators.

ITEMS

Blower and fans.
Boilers and pumps.
Economizers.
Exhauster outfits.
Flues and piping.
Pipe system.
Producers.
Regenerators.
Scrubbers.
Steam injectors.
Tanks for storage of oil, gasoline, etc.
Vaporizers.

333. Internal Combustion Engines.

This account shall include the cost installed of Diesel or other internal combustion engines devoted to the generation of electric energy, together with their auxiliaries.

ITEMS

Air filtering system.
Belting, shafting, pulleys, reduction gearing, etc.
Cooling system, including towers, pumps, tanks, and piping.
Cranes, hoists, etc., including items wholly identified with apparatus listed herein.
Engines, Diesel, gasoline, gas or other internal combustion.
Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
Governors.
Ignition system.
Inlet valve.
Lighting systems.
Lubricating systems, including filters, tanks, pumps, and piping.
Mechanical meters, including gauges, recording instruments, sampling and testing equipment.
Mufflers.
Piping.
Starting systems, compressed air, or other, including compressors and drives, tanks, piping, motors, boards and connections, storage tanks, etc.
Steelwork, specially constructed for apparatus listed herein.
Waste heat boilers, anti-fluctuator, etc.

334. Generators.

This account shall include the cost installed of internal combustion engine-driven main generators.

ITEMS

Cranes, hoists, etc., including items wholly identified with such apparatus.
Fire extinguishing equipment.
Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
Generator cooling system, including air cooling and washing apparatus, air fans and accessories, air ducts, etc.
Generators—main, A.C. or D.C., including field rheostats and connections for self-excited units and excitation system when identified with the generating unit.
Lighting systems.
Lubricating system, including tanks, filters, strainers, pumps, piping, coolers, etc.
Mechanical meters, and recording instruments.
Platforms, railings, steps, gradings, etc., appurtenant to apparatus listed herein.

335. Accessory Electric Equipment.

This account shall include the cost installed of auxiliary generating apparatus, conversion equipment and equipment used primarily in connection with the control and switching of electric energy produced by internal combustion power, and the protection of electrical circuits and equipment, except electric motors used to drive equipment included in other accounts. Such motors shall be included in the account in which the equipment with which it is associated is included.

ITEMS

Auxiliary generators, including boards, compartments, switching equipment, control equipment, and connections to auxiliary power bus.
Excitation system, including motor, turbine and dual drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument shunts, conductors and conduit, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housings, protective screens, etc.
Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, current transformers, potential

transformers, protective relays, isolated panels and equipment, conductors and conduit, special supports for generator main leads, grounding switch, etc., special housing, protective screens, etc.

Station control system, including station switchboards with panel wiring, panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, trunk type boards complete, cubicles, station supervisory control boards, generator and exciter signal stands, temperature recording devices, frequency control equipment, master clocks, watt-hour meter, station totalizing wattmeter, storage batteries, panels and charging sets, instrument transformers for supervisory metering, conductors and conduit, special supports for conduit, switchboards, batteries, special housing for batteries, protective screens, door, etc.

Station buses, including main auxiliary, transfer, synchronizing and fault ground buses, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors, starting transformers, current transformers, potential transformers, protective relays, storage batteries and charging equipment, isolated panels and equipment, conductors and conduit, special supports, special housings, concrete pads, general station ground system, special fire extinguishing system and test equipment.

NOTE A.—Do not include in this account transformers and other equipment used for changing the voltage or frequency of electric energy for the purpose of transmission or distribution.

NOTE B.—When any item of equipment listed herein is used wholly to furnish power to equipment included in another account, its cost shall be included in such other account.

336. Miscellaneous Power Plant Equipment.

This account shall include the cost installed of miscellaneous equipment in and about the internal combustion engine generating plant, devoted to general station use, and not properly includible in any of the foregoing internal combustion engine production accounts.

ITEMS

Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.

Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.

Fire extinguishing equipment for general station use.

Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

Miscellaneous equipment, including atmospheric and weather indicating devices, intra-site communication equipment, laboratory equipment, signal systems, callophones, emergency whistles and sirens, fire alarms, and other similar equipment.

Miscellaneous belts, pulleys, countershafts, etc.

Refrigerating system, including compressors, pumps, cooling coils, etc.

Station maintenance equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.

Ventilating equipment, including items wholly identified with apparatus listed herein.

NOTE.—When any item of equipment, listed herein, is used wholly in connection with equipment included in another account, its cost shall be included in such other account.

III. TRANSMISSION PLANT

340. Land and Land Rights.

This account shall include the cost of land and land rights used and useful in connection with transmission operations. (See utility plant instruction 9.)

341. Clearing Land and Rights of Way.

This account shall include the cost of the initial or original clearing of transmission line land and rights of way.

NOTE.—The cost of removing stumps, grading, excavating, etc., incident to the preparation of foundations for towers or other structures or to the construction of roads, trails and bridges, shall not be included in this account but in the account directly benefited.

342. Structures and Improvements.

This account shall include the cost in place of structures and improvements used and useful in connection with transmission operations. (See utility plant instruction 10.)

343. Station Equipment.

This account shall include the cost installed of transforming, conversion and switching equipment used for the purpose of changing the characteristics of electricity in connection with its transmission or for controlling transmission circuits.

ITEMS

Bus compartments, concrete, brick and sectional steel, including items permanently attached thereto.

Conduit, including concrete and iron duct runs not part of a building.
Control equipment, including batteries, battery charging equipment, transformers, remote relay boards, and connections.
Conversion equipment, including transformers, indoor and outdoor, frequency changers, motor generator sets, rectifiers, synchronous converters, motors, cooling equipment and associated connections.
Fences.
Fixed and synchronous condensers, including transformers, switching equipment, blowers, motors and connections.
Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
General station equipment, including air compressors, motors, hoists, cranes, test equipment, ventilating equipment, etc.
Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
Primary and secondary voltage connections, including bus runs and supports, insulators, potheads, lightning arresters, cable and wire runs from and to outdoor connections or to manholes and the associated regulators, reactors, resistors, surge arresters and accessory equipment.
Switchboards, including meters, relays, control wiring, etc.
Switching equipment, indoor and outdoor, including oil circuit breakers and operating mechanisms, truck switches, disconnect switches.
Tools and appliances.

344. Towers and Fixtures.

This account shall include the cost installed of towers and appurtenant fixtures used for supporting overhead transmission conductors.

ITEMS

Anchors, guys, braces.
Brackets.
Crossarms, including braces.
Excavation, backfill and disposal of excess excavated material.
Foundations.
Guards.
Insulator pins, suspension bolts.
Ladders, steps.
Railings, etc.
Towers.

345. Poles and Fixtures.

This account shall include the cost installed of transmission line poles, wood, steel, concrete or other material, together with appurtenant fixtures used for supporting overhead transmission conductors.

ITEMS

Anchors, head arm and other guys, including guy guards, guy clamps, strain insulators, pole plates, etc.
Brackets.
Crossarms and braces.
Excavation, backfill, including disposal of excess excavated material.
Extension arms.
Gaining, roofing, stenciling and tagging.
Insulator pins, suspension bolts.
Paving.
Pole steps.
Poles, wood, steel, concrete, or other material.
Racks complete with insulators.
Reinforcing, stubbing.
Settings.
Shaving, painting.

346. Overhead Conductors and Devices.

This account shall include the cost installed of overhead conductors and devices used for transmission purposes.

ITEMS

Circuit breakers.
Conductors, including insulated and bare wires and cables.
Ground wires and ground clamps.
Insulators, including pin, suspension and other types.
Lightning arresters.
Switches.
Other line devices.

347. Underground Conduit.

This account shall include the cost installed of underground conduit and tunnels used for housing transmission cables or wires. (See utility plant instruction 16.)

ITEMS

Conduit, concrete, brick or tile, including iron pipe, fibre pipe, Murray duct, standpipe on pole or tower.
Excavation, including shoring, bracing, bridging, backfill, and disposal of excess excavated material.
Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
Lighting systems.

Manholes, concrete or brick, including iron or steel, frames and covers, hatchways, gratings, ladders, cable racks and hangers, etc., permanently attached to manholes.
Municipal inspection.
Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks.
Permits.
Protection of street openings.
Removal and relocation of subsurface obstruction.
Sewer connections, including drains, traps, tide valves, check valves, etc.
Sumps, including pumps.
Ventilating equipment.

348. Underground Conductors and Devices.

This account shall include the cost installed of underground conductors and devices used for transmission purposes.

ITEMS

Armored conductors, buried, including insulators, insulating materials, splices, potheads, trenching, etc.
Armored conductors, submarine, including insulators, insulating materials, splices in terminal chambers, potheads, etc.
Cables in standpipe, including pothead and connection from terminal chamber of manhole to insulators on pole.
Circuit breakers.
Fireproofing, in connection with any items listed herein.
Hollow core oil filled cable, including straight or stop joints, pressure tanks, auxiliary air tanks, feeding tanks, terminals, potheads and connections, ventilating equipment, etc.
Lead and fabric covered conductors, including insulators, compound filled, oil filled, or vacuum splices, potheads, etc.
Lightning arresters.
Municipal inspection.
Permits.
Protection of street openings.
Racking of cables.
Switches.
Other line devices.

349. Roads and Trails.

This account shall include the cost of roads, trails and bridges used primarily as transmission facilities.

ITEMS

Bridges, including foundation piers, girders, trusses, flooring, etc.
Clearing land.

Roads, including grading, surfacing, culverts, etc.
Structures, constructed and maintained in connection with items included herein.
Trails, including grading, surfacing, culverts, etc.

NOTE.—The cost of temporary roads, bridges, etc., necessary during the period of construction but abandoned upon completion of the plant shall be charged to the account appropriate for the plant constructed.

IV. DISTRIBUTION PLANT

350. Land and Land Rights.

This account shall include the cost of land and land rights used and useful in connection with distribution operations. (See utility plant instruction 9.)

351. Structures and Improvements.

This account shall include the cost in place of structures and improvements used and useful in connection with distribution operations. (See utility plant instruction 10.)

352. Station Equipment.

This account shall include the cost installed of substation equipment including transformer banks, etc., which are used for the purpose of changing the characteristics of electricity in connection with its distribution.

ITEMS

Bus compartments, concrete, brick and sectional steel, including items permanently attached thereto.
Conduit, including concrete and iron duct runs not part of building.
Control equipment, including batteries, battery charging equipment, transformers, remote relay boards and connections.
Conversion equipment, indoor and outdoor, frequency changers, motor generator sets, rectifiers, synchronous converters, motors, cooling equipment and associated connections.
Fences.
Fixed and synchronous condensers, including transformers, switching equipment, blowers, motors and connections.
Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
General station equipment, including air compressors, motors, hoists, cranes, test equipment, ventilating equipment, etc.
Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

Primary and secondary voltage connections, including bus runs and supports, insulators, potheads, lightning arresters, cable and wire runs from and to outdoor connections or to manholes and the associated regulators, reactors, resistors, surge arresters and accessory equipment.
Switchboards, including meters, relays, control wiring, etc.
Switching equipment, indoor and outdoor, including oil circuit breakers and operating mechanisms, truck switches, disconnect switches.

NOTE.—The cost of rectifiers, series transformers and other special substation equipment devoted exclusively to street lighting service shall not be included in this account, but in account 363, Street Lighting and Signal Systems.

353. Storage Battery Equipment.

This account shall include the cost installed of storage battery equipment used for the purpose of supplying electricity to meet emergency or peak demands.

ITEMS

Batteries, including elements, tanks, tank insulators, etc.
Battery room connections, including cable or bus runs and connections.
Battery room flooring, when specially laid for supporting batteries.
Charging equipment, including motor generator sets and other charging equipment and connections, cable runs from generator or substation bus to battery room connections.
Miscellaneous equipment, including instruments, water stills, etc.
Switching equipment, including end cell switches and connections, boards and panels, used exclusively for battery control, not part of general station switchboard.
Ventilating equipment, including fans and motors, louvres, and ducts not part of building.

NOTE.—Storage batteries used for control and general station purposes shall not be included in this account but in the account appropriate for their use.

354. Poles, Towers and Fixtures.

This account shall include the cost installed of poles, towers and appurtenant fixtures used for supporting overhead distribution conductors and service wires.

ITEMS

Anchors, head arm and other guys, including guy guards, guy clamps, strain insulators, pole plates, etc.

Brackets.
Crossarms and braces.
Excavation, backfill, including disposal of excess excavated material.
Extension arms.
Foundations.
Guards.
Insulator pins, suspension bolts.
Paving.
Pole steps and ladders.
Poles, wood, steel, concrete or other material.
Racks, complete with insulators.
Railings.
Reinforcing, stubbing.
Settings.
Shaving, painting, gaining, roofing, stenciling and tagging.
Towers.
Transformer racks and platforms.

355. Overhead Conductors and Devices.

This account shall include the cost installed of overhead conductors and devices used for distribution purposes.

ITEMS

Circuit breakers.
Conductors, including insulated and bare wires and cables.
Ground wires, clamps, etc.
Insulators, including pin, suspension and other types and tie wire or clamps.
Lightning arresters.
Railroad and highway crossing guards.
Splices.
Switches.
Other line devices.

NOTE.—The cost of conductors used solely for street lighting or signal systems shall not be included in this account but in account 363, Street Lighting and Signal Systems.

356. Underground Conduit.

This account shall include the cost installed of underground conduit and tunnels used for housing distribution cables or wires.

ITEMS

Conduit, concrete, brick and tile, including iron pipe, fibre pipe, Murray duct, standpipe, on pole or tower.

Excavation, including shoring, bracing, bridging, backfill and disposal of excess excavated material.
Foundations and settings, specially constructed for and not expected to outlast the apparatus for which constructed.
Lighting systems.
Manholes, concrete or brick, including iron or steel frames and covers, hatchways, gratings, ladders, cable racks and hangers, etc., permanently attached to manholes.
Municipal inspection.
Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks.
Permits.
Protection of street openings.
Removal and relocation of subsurface obstructions.
Sewer connections, including drains, traps, tide valves, check valves, etc.
Sumps, including pumps.
Ventilating equipment.

NOTE.—The cost of underground conduit used solely for street lighting or signal systems shall be included in account 363, Street Lighting and Signal Systems.

357. Underground Conductors and Devices.

This account shall include the cost installed of underground conductors and devices used for distribution purposes.

ITEMS

Armored conductors, buried, including insulators, insulating materials, splices, potheads, trenching, etc.
Armored conductors, submarine, including insulators, insulating materials, splices in terminal chamber, potheads, etc.
Cables in standpipe, including pothead and connection from terminal chamber or manhole to insulators on pole.
Circuit breakers.
Fireproofing, in connection with any items listed herein.
Hollow core oil filled cable, including straight or stop joints, pressure tanks, auxiliary air tanks, feeding tanks, terminals, potheads and connections, etc.
Lead and fabric covered conductors, including insulators, compound filled, oil filled or vacuum splices, potheads, etc.
Lightning arresters.
Municipal inspection.
Permits.
Protection of street openings.
Racking of cables.
Switches.
Other line devices.

NOTE.—The cost of underground conductors and devices used solely for street lighting or signal systems shall be included in account 363, Street Lighting and Signal Systems.

358. Line Transformers.

A. This account shall include the cost installed of overhead and underground distribution line transformers and pole-type and underground voltage regulators owned by the utility for use in transforming electricity to the voltage at which it is to be used by the customer, whether actually in service or held in reserve.

B. When a transformer is permanently retired from service, the original installed cost thereof shall be credited to this account.

C. The records covering line transformers shall be so kept that the utility can furnish the number of transformers of various capacities in service and those in reserve and the location and the use of each transformer.

ITEMS

Installation, labor of (first installation only).
Transformer cut-out boxes.
Transformer lightning arresters.
Transformers, line and network.

NOTE.—The cost of removing and resetting line transformers shall not be charged to this account but to account 761, Operation of Lines. The cost of line transformers used solely for street lighting or signal systems shall be included in account 363, Street Lighting and Signal Systems.

359. Services.

This account shall include the cost installed of all overhead and underground conductors leading from a point where wires leave the last pole of the overhead system or the distribution box or manhole, or the top of the pole of the distribution line, to the point of connection with the customer's outlet or wiring. Conduit used for underground service conductors shall be included herein.

ITEMS

Brackets.
Cables and wires.
Conduit.
Insulators.
Municipal inspection.
Overhead to underground, including conduit or standpipe and conductor from last splice on pole to connection with customer's wiring.
Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks.
Permits.

Protection of street openings.
Service switch.
Suspension wire.

360. Meters.

A. This account shall include the cost installed of meters or devices and appurtenances thereto for use in measuring the electricity delivered to its users, whether actually in service or held in reserve.

B. When a meter is permanently retired from service, the installed cost thereof shall be credited to this account.

C. The records covering meters shall be so kept that the utility can furnish information as to the number of meters of various capacities in service and in reserve as well as the location of each meter owned.

ITEMS

Alternating current watt-hour meters.
Current limiting devices.
Demand indicators.
Demand meters.
Direct current watt-hour meters.
Graphic demand meters.
Installation, labor of (first installation only).
Instrument transformers.
Maximum demand meters.
Meter badges and their attachments.
Meter boards and boxes.
Meter fittings, connections and shelves (first set).
Meter switches and cut-outs.
Prepayments meters.
Protective devices.
Testing new meters.

NOTE A.—This account shall not include meters for recording output of a generating station, substation meters, etc. It includes only those meters used to record energy delivered to customers.

NOTE B.—The cost of removing and resetting meters shall be charged to account 762, Services on Customers' Premises.

361. Installations on Customers' Premises.

This account shall include the cost installed of equipment on the customer's side of a meter when the utility incurs such cost and when the utility retains title to and assumes full responsibility for maintenance and replacement of such property. This account shall not include leased equipment, for which see account 362, Leased Property on Customers' Premises.

ITEMS

Cable vaults.
Commercial lamp equipment.
Foundations and settings, especially provided for equipment included herein.
Frequency changer sets.
Motor generator sets.
Motors.
Switchboard panels, high or low tension.
Wire and cable connections to incoming cables.

NOTE.—Do not include in this account any costs incurred in connection with merchandising, jobbing, or contract work activities.

362. Leased Property on Customers' Premises.

This account shall include the cost of electric motors, transformers and other equipment on customers' premises (including municipal corporations), leased or loaned to customers, but not including property held for sale.

NOTE A.—The cost of setting and connecting such appliances or equipment on the premises of customers and the cost of resetting or removal shall not be charged to this account but to operating expenses, account 762, Services on Customers' Premises.

NOTE B.—Do not include in this account any costs incurred in connection with merchandising, jobbing, or contract work activities.

363. Street Lighting and Signal Systems.

This account shall include the cost installed of equipment used wholly for public street and highway lighting or traffic, fire alarm, police, and other signal systems.

ITEMS

Armored conductors, buried or submarine, including insulators, insulating materials, splices, trenching, etc.
Automatic control equipment.
Conductors, overhead or underground, including lead, or fabric covered, parking cables, etc., including splices, insulators, etc.
Lamps, arc, incandescent, or other types, including glassware, suspension fixtures, brackets, etc.
Municipal inspection.
Ornamental lamp posts.
Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks.
Permits.
Posts and standards.
Protection of street openings.
Relays or time clocks.

Series contactors.
Switches.
Transformers, pole or underground.

V. GENERAL PLANT

370. Land and Land Rights.

A. This account shall include the cost of land and land rights used for electric utility purposes, the cost of which is not properly includible in other land and land rights accounts. (See utility plant instruction 9.)

B. Records shall be kept to show separately the cost of land and land rights devoted to the following uses: Office, transportation, stores, shops, laboratories, communication and miscellaneous.

371. Structures and Improvements.

A. This account shall include the cost in place of structures and improvements used for electric utility purposes, the cost of which is not properly includible in other structures and improvements accounts. (See utility plant instruction 10.)

B. Records shall be kept to show separately the cost of structures and improvements devoted to the following uses: Office, transportation, stores, shop, laboratory, communication, and miscellaneous.

372. Office Furniture and Equipment.

A. This account shall include the cost of office furniture and equipment owned by the utility and devoted to electric service, and not permanently attached to buildings, except the cost of such furniture and equipment which the utility elects to assign to other plant accounts (such as, account 325, Miscellaneous Power Plant Equipment) on a functional basis. Articles of slight value or short service life acquired subsequent to the commencement of operations shall be charged to the appropriate operating expense account and not to this account.

B. If the utility has equipment includible in this account at more than one location, separate records shall be maintained for each location.

ITEMS

Book cases and shelves.
Desks, chairs, and desk equipment.

Drafting room equipment.
Filing, storage, and other cabinets.
Floor covering.
Library and library equipment.
Mechanical office equipment such as accounting machines, typewriters, etc.
Safes.
Tables.

373. Transportation Equipment.

A. This account shall include the cost of transportation and garage equipment when such equipment is not an integral part of the housing structure.

B. If the utility has garage equipment at more than one location, separate records shall be maintained for each location.

ITEMS

Airplanes and other aviation equipment.
Automobile repair shop equipment.
Automobiles.
Battery charging equipment.
Bicycles.
Drays.
Electric vehicles.
Gasoline and oil pumps (portable).
Gasoline storage tanks.
Greasing tools and equipment.
Horses, wagons, and harness.
Horseshoeing equipment.
Motor trucks.
Motorcycles.
Oil storage tanks.
Repair cars or trucks.
Tractors.
Trailers.
Trucks.
Other garage or stable equipment.

374. Stores Equipment.

A. This account shall include the cost of equipment used for the receiving, shipping, handling and storage of materials and supplies.

B. If the utility has equipment includible in this account at more than one location, separate records shall be maintained for each location.

ITEMS

Chain falls.
Counters.
Cranes (portable).
Elevating and stacking equipment (portable).
Hoists.
Lockers.
Scales.
Shelving.
Storage bins.
Trucks, hand and power driven.
Wheelbarrows.

375. Shop Equipment.

A. This account shall include the cost installed of equipment specially provided for general shops when such equipment is not an integral part of the housing structure.

B. If the utility has equipment includible in this account at more than one location, separate records shall be maintained for each location.

ITEMS

Anvils.
Belts, shafts, and countershafts.
Boilers.
Cranes and hoists.
Drill presses.
Electric equipment.
Engines.
Forges.
Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
Furnaces.
Gas producers.
Lathes.
Machine tools.
Motor driven hand tools.
Motors and engines.
Pipe threading and cutting machines.
Pneumatic tools.
Smithing equipment.
Tool racks.
Vises.
Work benches, etc.

376. Laboratory Equipment.

A. This account shall include the cost installed of laboratory equipment used for general laboratory purposes and not specially provided for or includible in other departmental or functional plant accounts.

B. If the utility has equipment includible in this account at more than one location, separate records shall be maintained for each location.

ITEMS

Ammeters.
Current batteries.

Frequency changers.
Galvanometers.
Inductometers.
Laboratory standard milli-volt meters.
Laboratory standard volt meters.
Meter testing equipment.
Milli-volt meters.
Motor generator sets.
Panels.
Phantom loads.
Portable graphic ammeters, volt meters, and watt meters.
Portable loading devices.
Potential batteries.
Potentiometers.
Rotating standards.
Standard cell, reactance, resistor and shunt.
Switchboards.
Synchronous timers.
Testing panels.
Testing resistors.
Transformers.
Volt meters.
Other testing, laboratory or research equipment not provided for elsewhere.

377. Tools and Work Equipment.

This account shall include the cost of tools, implements, and equipment used in construction or repair work exclusive of equipment includible in other equipment accounts.

ITEMS

Air compressors, including driving unit and vehicle.
Boilers.
Cable pulling equipment.
Concrete mixers and distributors.
Derricks.
Engines.
Forges.
Furnaces.
Hoists
Ladders.
Lathes.
Motors.
Pile drivers.
Pipe machines.
Power saws.
Pumps.
Riveters.
Tool racks.
Vises.
Work benches, etc.

378. Communication Equipment.

This account shall include the cost installed of telephone, telegraph and wireless equipment for general use in connection with the utility's electric operations.

ITEMS

Antennae.
Booths.
Cables.
Distributing boards.
Extension cords.
Gongs.
Hand sets, manual and dial.
Insulators.
Intercommunicating sets.
Loading coils.
Operators' desks.
Poles and fixtures used wholly for telephone or telegraph wire.
Radio transmitting and receiving sets.
Remote control equipment and lines.
Sending keys.
Storage batteries.
Switchboards.
Telautograph circuit connections.
Telegraph receiving sets.
Telephone and telegraph circuits.
Testing instruments.
Towers.
Underground conduit used wholly for telephone or telegraph wires and cable wires.

379. Miscellaneous Equipment.

This account shall include the cost of equipment, apparatus, etc., used and useful in the utility's electric operations, and which is not includible in any other account of this system of accounts.

ITEMS

Billiard tables, including equipment.
Bowling alleys, including equipment.
Hospital and infirmary equipment.
Kitchen equipment.
Miscellaneous recreation equipment.
Radios.
Restaurant equipment.
Soda fountains.
Operators' cottage furnishings.
Other miscellaneous equipment.

NOTE.—General equipment of the nature indicated above wherever practicable shall be assigned to the utility plant accounts on a functional basis. Thus, to illustrate, recreation equipment at a hydraulic power generating station for the benefit of the station employees shall be included in account 325, Miscellaneous Power Plant Equipment.

390. Other Tangible Property.

This account shall include the cost of tangible utility plant not provided for elsewhere.

391. Utility Plant Purchased.

A. This account shall include the cost of utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation or otherwise, pending the distribution thereof to the appropriate accounts in accordance with utility plant instruction 4.

B. Within six (6) months from the date of acquisition of property recorded herein, there shall be filed with the Commission the proposed journal entries to clear from this account the cost to the utility of the property acquired.

392. Utility Plant Sold.

A. This account shall be credited temporarily with the selling price of utility plant, constituting an operating unit or system, sold, conveyed or transferred to another through sale, merger, consolidation, or otherwise, pending the completion of the accounting for the transaction as provided in utility plant instruction 12.

B. Within six (6) months from the date of sale or transfer of the property there shall be filed with the Commission the proposed journal entries to clear from this account the amounts recorded herein.

INSTRUCTIONS—EARNED SURPLUS ACCOUNT

1. Purpose of Earned Surplus Account.

The earned surplus account is the collective title for a group of accounts which form the connecting link between the income account and the balance sheet. The several accounts thereof (400 to 414) are designed to show the changes in earned surplus or deficit during each calendar year resulting from (a) the operations and other transactions during the period as reflected in the income accounts, (b) appropriations or other reservations of earned surplus for specific purposes, (c) accounting adjustments not properly attributable to the period, (d) miscellaneous gains and losses not accounted for elsewhere, and (e) appropriations for dividends.

EARNED SURPLUS ACCOUNT

CREDITS

271. Earned Surplus (at beginning of period)
400. Credit Balance Transferred from Income Account
401. Miscellaneous Credits to Surplus
Total Credits.

DEBITS

410. Debit Balance Transferred from Income Account
411. Dividend Appropriations—Preferred Stock
412. Dividend Appropriations—Common Stock
413. Miscellaneous Reservations of Surplus
414. Miscellaneous Debits to Surplus
Total Debits
271. Earned Surplus (at end of period)

EARNED SURPLUS ACCOUNT

CREDITS

400. Credit Balance Transferred from Income Account.

This account shall include the net credit balance transferred from the income account for the year.

401. Miscellaneous Credits to Surplus.

A. This account shall include all credits affecting the earned surplus or deficit but not provided for elsewhere. Among the items which shall be credited to this account are:

Credits for amounts previously written off through charges to earned surplus.

Delayed credits to income, operating revenue, and operating expense accounts as provided in general instruction 6.

Profits on retirements of the utility's debt securities. (See balance sheet instruction 6.)

B. All items included in this account shall be sufficiently described in the entries relating thereto as to identify them with all accounts affected, and if the credits relate to prior years the amount applicable to each fiscal year shall be shown.

410. Debit Balance Transferred from Income Account.

This account shall include the net debit balance transferred from the income account for the year.

411. Dividend Appropriations—Preferred Stock.

A. This account shall include amounts declared payable out of surplus or earnings as dividends on actually outstanding preferred or prior lien capital stock issued by the utility, or the amounts credited to a reserve for dividends.

B. Dividends shall be segregated as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment shall be described with sufficient particularity to identify it.

C. This account shall be maintained or supported in such manner as to show separately the dividends on each class and series of preferred stock.

412. Dividend Appropriations—Common Stock.

A. This account shall include amounts declared payable out of surplus or earnings as dividends on actually outstanding common capital stock issued by the utility, or the amounts credited to a reserve for dividends.

B. Dividends shall be segregated as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment shall be described with sufficient particularity to identify it.

C. This account shall be maintained or supported in such manner as to show separately the dividends on each class and series of common stock.

413. Miscellaneous Reservations of Surplus.

A. This account shall include the reservations or appropriations of earned surplus for purposes not provided for elsewhere in this system of accounts.

B. The entries to this account shall show the nature of each reservation of earned surplus.

414. Miscellaneous Debits to Surplus.

A. This account shall include amounts chargeable to earned surplus but not provided for elsewhere. Among the items which shall be charged hereto are:

Amounts charged to earned surplus to cover past accrued depreciation and amortization not provided for.
Decline in value of investments. (See balance sheet instruction 4.)
Delayed debits to income, operating revenue, and operating expense accounts as provided in general instruction 6.
Payments of amounts previously credited to earned surplus
Losses on retirement of utility's debt securities. (See balance sheet instruction 6.)
Losses which are not properly chargeable to operating expenses or income and for which reserves have not been provided.

B. All items included in this account shall be sufficiently described in the entries relating thereto as to identify them with all accounts affected, and if the charges relate to prior years, the amount applicable to each fiscal year shall be shown.

INSTRUCTIONS—INCOME ACCOUNTS

1. Purpose of Income Accounts.

The income accounts (501 to 540) are designed to show for each month and each calendar year the operating revenues and expenses, the other income, the income deductions, the net income, the miscellaneous reservations of net income and the amount of income or loss remaining for transfer to earned surplus.

2. Records for Other Income.

The records supporting the other income shall be so kept that the utility can furnish detailed statements of the revenues from each source and the expenses and other deductions related to such revenues.

3. Income from Sinking and Other Funds.

A. Interest and other revenues derived from funds carried in account 113, Sinking Funds, and account 114, Miscellaneous Special Funds, shall be credited to account 525, Revenues from Sinking and Other Funds.

B. When the income is required by a mortgage or other provisions to be held in the fund from which the income arises, an amount equal to the income shall be added to the fund to which it is applicable.

C. When income derived from sinking funds and other special funds is required to be retained in the fund and the fund is represented by a reserve, the amount of such income accretions to the fund shall be credited to the appropriate reserve account and charged to account 540, Miscellaneous Reservations of Net Income, or account 413, Miscellaneous Reservations of Surplus, as appropriate.

4. Rents Includible in Income Accounts.

A. Rents which the utility receives from others for electric operating property, the investment in which is properly includible in account 100-2, Utility Plant Leased to Others, shall be recorded in

account 508, Income from Utility Plant Leased to Others. Rentals from electric property owned by the utility and properly includible in account 100-1, Utility Plant in Service, shall be credited to account 510, Rent from Electric Property.

B. All expenses, including the provision for depreciation and amortization, if any, applicable to property, the income from which is included in account 508, Income from Utility Plant Leased to Others, shall be charged to that account.

INCOME ACCOUNTS

I. UTILITY OPERATING INCOME

501. Operating Revenues
Operating Revenue Deductions:
502. Operating Expenses
503. Depreciation
504. Amortization of Limited-Term Utility Investments
505. Amortization of Utility Plant Acquisition Adjustments
506. Property Losses Chargeable to Operations
507. Taxes
Total Operating Revenue Deductions
Net Operating Revenues
508. Income from Utility Plant Leased to Others
509. Rent for Lease of Utility Plant
Utility Operating Income

II. OTHER INCOME

520. Income from Merchandising, Jobbing and Contract Work
521. Income from Non-Utility Operations
522. Revenues from Lease of Other Physical Property
523. Dividend Revenues
524. Interest Revenues
525. Revenues from Sinking and Other Funds
526. Miscellaneous Non-Operating Revenues
527. Non-Operating Revenue Deductions
Total Other Income
Gross Income

III. INCOME DEDUCTIONS

530. Interest on Long-Term Debt
531. Amortization of Debt Discount and Expense
532. Amortization of Premium on Debt—Cr.
533. Taxes Assumed on Interest
534. Interest on Debt to Associated Companies

535. Other Interest Charges
536. Interest Charged to Construction—Cr.
537. Miscellaneous Amortization
538. Miscellaneous Income Deductions
Total Income Deductions
Net Income

IV. DISPOSITION OF NET INCOME

540. Miscellaneous Reservations of Net Income
Balance Transferred to Earned Surplus

INCOME ACCOUNTS

I. UTILITY OPERATING INCOME

501. Operating Revenues.

Under this caption shall be included the total operating revenues shown in the primary revenue accounts 600 to 615, derived by the utility from its utility operations during the period covered by the income account.

502. Operating Expenses.

Under this caption shall be included the total expenses shown in accounts 701 to 809, incurred by the utility in its utility operations during the period covered by the income account.

503. Depreciation.

This account shall include the depreciation expense applicable to utility plant in service (account 100-1) for the period covered by the income account, except such depreciation expense as may be charged to clearing accounts or to construction work in progress.

504. Amortization of Limited-Term Utility Investments.

This account shall include the amount of amortization expenses for the period covered by the income account applicable to the amounts included in utility plant accounts for limited-term franchises, licenses, patent rights; and limited-term interests in land. The charge to this account shall be such as to distribute the book cost of each investment as evenly as may be over the period of its benefit to the utility. (See account 251, Reserve for Amortization of Limited-Term Utility Investments.)

505. Amortization of Utility Plant Acquisition Adjustments.

A. This account shall be debited or credited, as the case may be, with amounts includible in operating revenue deductions for the purpose of providing for the extinguishment of the amount in account 100-5, Utility Plant Acquisition Adjustments, pursuant to approval or order of the Commission.

B. Amounts recorded in this account shall be concurrently debited or credited, as the case may be, to account 252, Reserve for Amortization of Utility Plant Acquisition Adjustments.

506. Property Losses Chargeable to Operations.

This account shall be charged with amounts credited to account 141, Extraordinary Property Losses, when the Commission has authorized the amount in the latter account to be amortized by charges to operations.

507. Taxes.

A. This account shall include the amount of federal, state, county, municipal and other taxes, which are properly chargeable to utility operations. (See account 228.)

B. This account shall be charged each month with the amount of taxes which are applicable thereto, and concurrent credits shall be made to account 228, Taxes Accrued. When it is necessary to apportion taxes to utility operations, full details as to the method of and facts considered in the apportionment shall be recorded.

C. When it is not possible to determine the exact amount of taxes, the amount shall be estimated and the estimate for the period charged to this account, and adjustments shall be made as the actual tax levies become known.

D. Taxes assumed by the utility on property leased from others for use in utility operations shall be charged to the appropriate rent expense or clearing account.

E. The charges to this account shall be made or supported so as to show the amount of each kind of tax, and the basis upon which each charge is made.

NOTE A.—Gasoline and other sales taxes shall be charged as far as practicable to the account to which the material on which the tax is levied is charged.

NOTE B.—Taxes assumed by the utility on interest shall be charged to account 533, Taxes Assumed on Interest.

NOTE C.—Taxes on non-operating property the income from which is included in account 521, Income from Non-Utility Operations, shall be charged to that account, and taxes on property the income from which is included in account 522, Revenues from Lease of Other Physical Property, shall be charged to account 527, Non-Operating Revenue Deductions.

NOTE D.—Taxes on property leased to others, the revenue from which is included in account 508, Income from Utility Plant Leased to Others, shall be charged to that account.

NOTE E.—For taxes chargeable to merchandising, jobbing and contract work and to clearing accounts, see account 789 and accounts 901 to 905.

NOTE F.—Amounts payable annually or more frequently under the terms of franchises, shall be included in account 805, Franchise Requirements.

NOTE G.—Special assessments for street and similar improvements shall be included in the utility plant account in which the property with which the taxes are identified is included.

NOTE H.—Taxes applicable to construction shall be charged to account 100-3, Construction Work in Progress.

508. Income from Utility Plant Leased to Others.

A. This account shall include the rental income from utility property constituting a distinct operating unit or system leased by the utility to others, and which property is properly includible in account 100-2, Utility Plant Leased to Others.

B. This account shall be subdivided as follows:

508-1 Revenues from Plant Leased to Others.
508-2 Expenses of Plant Leased to Others.

C. This account shall be so kept or supported as to show separately the following for each lease:

Rentals.
Expenses.
Depreciation and amortization.
Taxes.
Uncollectible rents.

509. Rent for Lease of Utility Plant.

This account shall include rents payable for utility plant constituting a distinct operating unit or system leased from others for use in operations when the utility has exclusive possession and it is impracticable to allocate the lease rentals to the appropriate rent accounts in operating expenses. (See operating expense instruction 5.)

II. OTHER INCOME

520. Income from Merchandising, Jobbing and Contract Work.

A. This account shall include all revenues derived from and expenses incurred in the sale of electric merchandise and jobbing or contract work, including any profit or commissions accruing to the utility on jobbing work performed by it as agent under agency contracts, whereunder it undertakes to do jobbing work for another for a stipulated profit or commission.

B. The account shall be subdivided as follows:

520-1 Revenues from Merchandising, Jobbing and Contract Work.

520-2 Costs and Expenses of Merchandising, Jobbing and Contract Work.

Account 520-2 shall be further subdivided so as to show the major items of costs and expenses.

NOTE.—The income from merchandising, jobbing and contract work shall be reported in this account if state statutes or orders of the commission having jurisdiction over the utility require such income to be reported as a non-operating income item, but the amount shall be reported in account 789, Merchandising, Jobbing and Contract Work, if the statutes or orders of the Commission permit the income to be reported as an operating income or expense item. (See account 789 for list of items.)

521. Income from Non-utility Operations.

A. This account shall include the revenues from and the expenses incurred in non-utility operations.

B. The expenses shall include every element of cost incurred in such operations, including depreciation, rents, taxes and insurance.

522. Revenues from Lease of Other Physical Property.

A. This account shall include all rent revenues from land, buildings or other property not devoted to utility operations.

B. All expenses, such as repairs, depreciation, taxes, uncollectible rents, etc., incurred in connection with the property leased, shall be charged to account 527, Non-Operating Revenue Deductions.

523. Dividend Revenues.

This account shall include the revenues derived by the utility from dividends on stocks of other companies.

NOTE A.—No amount representing dividends receivable shall be included in this account unless the dividends have been declared or guaranteed.

NOTE B.—No dividends on reacquired securities issued or assumed by the utility shall be included in this account.

NOTE C.—Dividend revenues from securities held in sinking or other special funds shall not be credited to this account but to account 525, Revenues from Sinking and Other Funds.

524. Interest Revenues.

Report by this caption the amounts included in accounts 524-1 and 524-2.

524-1. Interest on Securities Owned.

This account shall include interest revenues on investments in securities of other companies.

NOTE A.—Interest accrued shall not be credited to this account unless its payment is reasonably assured.

NOTE B.—Interest upon reacquired securities issued or assumed by the utility shall not be credited to this account.

NOTE C.—Interest on securities held in sinking or other special funds shall not be included in this account but in account 525, Revenues from Sinking and Other Funds.

NOTE D.—This account may include for each month the applicable amount requisite to extinguish (during the interval between the date of acquisition and the date of maturity) the difference between the cost to the utility and the par value of securities on which the interest is received. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried. (See balance sheet instruction 4.)

524-2. Other Interest Revenues.

This account shall include interest revenue on loans, notes, advances, special deposits, and all other interest bearing assets, except as provided in account 524-1.

NOTE.—Interest accrued shall not be credited to this account unless its payment is reasonably assured.

525. Revenues from Sinking and Other Funds.

A. This account shall include all revenues (whether interest or dividends) accrued on cash, securities or other assets held in account 113, Sinking Funds, and account 114, Miscellaneous Special Funds.

B. This account may include for each month the applicable amount requisite to extinguish (during the interval between the date of acquisition and the date of maturity) the difference between the cost to the utility and the par value of debt securities held in sinking or other funds. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried. (See balance sheet instruction 4.)

C. This account covers all revenues from sinking and other funds carried in accounts 113 and 114, whether or not such revenues are required to be retained in the funds. If the revenues are required to be retained in a special fund and the fund is represented by a reserve, the amount of such accretions to the fund shall be concurrently credited to the appropriate reserve account and charged to account 540, Miscellaneous Reservations of Net Income, or account 413, Miscellaneous Reservations of Surplus, as appropriate.

526. **Miscellaneous Non-operating Revenues.**

This account shall include all revenue items, properly includible in the income account and not provided for elsewhere.

ITEMS

Fees collected in connection with the exchange of coupon bonds for registered bonds.
Profits from operations of others realized by the utility under contracts.

527. **Non-operating Revenue Deductions.**

A. This account shall include the expenses, taxes and uncollectible bills applicable to the period covered by the income account which are associated or incurred in connection with the revenues which are includible in accounts 522 to 526, inclusive.

B. This account shall be maintained or supported in such manner as to disclose the expenses or deductions applicable to each non-operating revenue account.

III. INCOME DEDUCTIONS

530. **Interest on Long-Term Debt.**

A. This account shall include in each accounting period the amount of interest applicable thereto on outstanding long-term debt issued or assumed by the utility, the liability for which is included in account 210, Bonds, account 211, Receivers' Certificates, or account 213, Miscellaneous Long-Term Debt.

B. The amount charged to this account shall be credited concurrently to account 229.1, Interest Accrued on Long-Term Debt.

C. This account shall be so kept or supported by other records as to show the interest accruals on each class and series of long-term debt.

NOTE.—This account shall not include interest on nominally issued or nominally outstanding long-term debt, including securities assumed.

531. **Amortization of Debt Discount and Expense.**

A. This account shall include in each accounting period the portion of unamortized debt discount and expense on outstanding long-term debt which is applicable to such period.

B. The amount of unamortized debt discount and expense chargeable to each accounting period shall be determined in accordance with balance sheet instruction 6.

C. Amounts charged to this account shall be credited concurrently to account 140, Unamortized Debt Discount and Expense.

532. Amortization of Premium on Debt—Cr.

A. This account shall include in each accounting period the portion of unamortized premium on outstanding long-term debt which is applicable to such period

B. The amount of unamortized premium on debt includible in each accounting period shall be determined in accordance with balance sheet instruction 6.

C. Amounts credited to this account shall be charged concurrently to account 240, Unamortized Premium on Debt.

533. Taxes Assumed on Interest.

This account shall include amounts paid to holders of the bonds or other indebtedness of the utility, or amounts paid to governmental agencies in their behalf in respect to income and other taxes levied against the income from such debt or levied as a tax on ownership of the debt, where such taxes are assumed by the utility.

534. Interest on Debt to Associated Companies.

There shall be reported by this caption the amounts included in accounts 534-1 and 534-2.

534-1. Interest on Advances from Associated Companies.

A. This account shall include interest accrued on amounts included in account 212, Advances from Associated Companies.

B. The records supporting the entries to this account shall be so kept as to show to whom the interest is to be paid, the period covered by the accrual, the rate of interest and the principal amount of the advances on which the interest is accrued.

534-2. Interest on Other Debt to Associated Companies.

A. This account shall include interest accrued on amounts recorded in account 223-1, Notes Payable to Associated Companies, on

amounts recorded in account 223-2, Accounts Payable to Associated Companies, and on any other obligation to associated companies, except advances from such companies, the interest on which is includible in account 534-1.

B. The records supporting the entries to this account shall be so kept as to show to whom the interest is to be paid, the period covered by the accrual, the rate of interest, the nature of the obligation on which accrued, and the account or accounts credited with the accrual.

535. Other Interest Charges.

A. This account shall include all interest charges not provided for elsewhere.

B. A list of some of the items of indebtedness, the interest on which is chargeable to this account, follows:

Assessments for public improvements past due.
Claims and judgments.
Customers' deposits.
Notes payable on demand or maturing one year or less from date, except notes payable to associated companies.
Open accounts, except with associated companies.
Tax assessments past due.

536. Interest Charged to Construction—Cr.

This account shall include concurrent credits for interest charged to construction in accordance with utility plant instruction 5 (17).

537. Miscellaneous Amortization.

This account shall include amortization expenses not elsewhere provided for in this system of accounts, and also such amounts as the Commission may, by order, require to be included herein, such as amortization of amounts in account 100-5, Utility Plant Acquisition Adjustments.

538. Miscellaneous Income Deductions.

This account shall include miscellaneous debits to income, not provided for elsewhere.

ITEMS

Decline in value of investments. (See balance sheet instruction 4.)

Donations.
Expenditures for associated companies for which the utility will not be reimbursed.

IV. DISPOSITION OF NET INCOME

540. Miscellaneous Reservations of Net Income.

A. This account shall include reservations of net income, such as may be required under the terms of mortgages, deeds of trust, orders of courts, contracts, or other agreements, and other reservations of net income.

B. Amounts charged to this account shall be credited concurrently to the appropriate reserve account.

C. The entries in this account shall show the nature of each reservation of income.

INSTRUCTIONS—OPERATING REVENUE ACCOUNTS

1. Purpose of Operating Revenue Accounts.

The operating revenue accounts (600 to 615) are designed to show the amounts of money which the utility becomes entitled to receive from furnishing electric utility service and from service incidental thereto, including amounts for services rendered but not yet billed, where the utility exercises its option and records on its books such accrued electric revenue. (See account 130, Accrued Utility Revenues.)

2. Basis of Credits to Operating Revenue Accounts.

Credits to the operating revenue accounts shall be made on the basis of the net price charged. Discounts forfeited and penalties charged for delayed payments shall be credited to account 612, Customers' Forfeited Discounts and Penalties. Corrections of overcharges and overcollections theretofore credited, authorized abatements and allowances, and other corrections shall be charged to the revenue accounts to which they relate.

3. Commissions on Electric Sales.

If the utility distributes all or a part of its electric energy through an agent but the sales are made to consumers under rate schedules filed by the utility, then the utility shall credit its revenue accounts with the full amount of sales to consumers. The commission paid to the agent shall be charged to account 804, Commissions Paid under Agency Sales Contracts, and any distribution expenses charged by the agent shall be debited to the appropriate expense accounts. Agents shall credit the amount of commissions earned to operating revenue account 615, Miscellaneous Electric Revenues.

4. Electricity Supplied Without Direct Charge.

Electricity supplied to municipalities, or to other governmental units, without charge, in accordance with franchise and similar requirements, shall be charged to account 805, Franchise Requirements, and credited concurrently to account 806, Duplicate Miscellaneous Charges—Cr.

5. Electricity Used by Utility.

A. If the utility desires to charge the appropriate accounts in any of its electric operations with the cost of electricity used from its own supply, the credit therefor shall not be made to operating revenue accounts, but to account 806, Duplicate Miscellaneous Charges—Cr.

B. Electricity supplied by the utility from its own supply to other departments shall be accounted for in the following manner: If the energy is supplied under a definite arrangement whereby the actual costs, by accounts, are allocated between or among the departments using the energy, the credit in the accounts of the electric department shall be made to the appropriate joint expense credit account or accounts, except that the amount of any return or interest, and the amount of depreciation and taxes charged against the other departments shall be credited to account 611, Interdepartmental Rents. If the charges are at specified rates or at tariff rates for the energy supplied, then the entire amount charged shall be credited to account 607, Interdepartmental Sales.

6. Supporting Records.

Each utility shall so keep the records supporting the entries to each electric operating revenue account that it can furnish, (1) the name of each customer, (2) the quantity of electric energy furnished to each customer, (3) the amount charged for electric energy furnished each customer, and (4) the rate schedule or schedules under which the charge is made. Each utility shall also be prepared to report, upon request, within a reasonable time, for each month or other billing period and for each year, the quantity of energy sold and the charges therefor, by rate schedules.

7. Segregation of Sales to Associated Companies.

The utility shall keep its records in such manner as to be able to report the amount of sales by rate schedules, and the kilowatt hours sold to each associated company.

OPERATING REVENUE ACCOUNTS

I. SALES OF ELECTRIC ENERGY

600. Residential or Domestic Sales
601. Rural Sales
602. Commercial and Industrial Sales
603. Public Street and Highway Lighting
604. Other Sales to Public Authorities
605. Sales to Other Electric Utilities
606. Sales to Railroads and Railways
607. Interdepartmental Sales
608. Other Sales

II. OTHER ELECTRIC REVENUES

610. Rent from Electric Property
611. Interdepartmental Rents
612. Customers' Forfeited Discounts and Penalties
613. Sales of Water and Water Power
614. Servicing of Customers' Installations
615. Miscellaneous Electric Revenues

OPERATING REVENUE ACCOUNTS

I. SALES OF ELECTRIC ENERGY

600. Residential or Domestic Sales.

A. This account shall include revenues from electric energy supplied for residential or domestic purposes.

B. When electric energy supplied through a single meter is used for both residential and commercial purposes, the total revenue shall be included in this account, or account 602, Commercial and Industrial Sales, according to the principal use.

NOTE.—Exclude from this account and include in account 601, Rural Sales, revenues from electric energy supplied to rural and farm customers under rate schedules which are applicable to rural and farm customers only.

601. Rural Sales.

This account shall include revenues from electric energy supplied to rural and farm customers and billed under distinct rural or farm rates.

602. Commercial and Industrial Sales.

A. This account shall include revenues from electric energy supplied for commercial and industrial purposes.

B. When electricity supplied through a single meter is used for both commercial and residential purposes, the total revenue shall be included in this account, or in account 600, Residential or Domestic Sales, according to the principal use.

603. Public Street and Highway Lighting.

This account shall include revenues from electric energy supplied and services rendered for the purpose of lighting streets, highways, parks and other public places for municipalities or other divisions or agencies of state or federal governments.

604. Other Sales to Public Authorities.

This account shall include the revenues from the sale of electric energy supplied to municipalities or divisions or agencies of federal

or state governments, under special contracts or agreements or service classifications applicable only to public authorities, except such revenues as are includible in accounts 603 and 605.

605. Sales to Other Electric Utilities.

A. This account shall include revenues from electric energy supplied to other electric utilities or to public authorities for redistribution.

B. Revenues from electric energy supplied to other public utilities for use by them and not for distribution, shall be included in account 602, Commercial and Industrial Sales, unless supplied under the same contract as and not readily separable from revenues includible in this account.

606. Sales to Railroads and Railways.

This account shall include revenues derived from electric energy supplied to railroads, and interurban and street railways, for general railroad use, including the propulsion of cars or locomotives, where such energy is supplied under separate and distinct rate schedules.

607. Interdepartmental Sales.

This account shall include the amounts charged to other departments of the utility by the electric department for energy supplied by the latter, if the charges are at tariff or other specified rates for the energy supplied. (See operating revenue instruction 5 and account 611, Interdepartmental Rents.)

608. Other Sales.

This account shall include revenues derived from sales of electric energy which are not properly includible in the revenue accounts 600 to 607, inclusive.

II. OTHER ELECTRIC REVENUES

610. Rent from Electric Property.

A. This account shall include rents received for the use by others of land, buildings, and other property devoted to electric operations by the utility. This covers such matters as rent from pole attachments, office buildings, stations, land, etc.

B. When the utility employs some of its utility plant for the benefit of another or others under a definite arrangement for apportioning the actual expenses by accounts among the several participants in the arrangement, and such arrangement provides for the receipt by the accounting utility of any profit or return upon its property, such profit or return, together with the amount of depreciation and taxes charged to another or others pursuant to the arrangement, shall be credited to this account. (See operating expense instruction 6.)

NOTE.—Do not include rents from property constituting an operating unit or system in this account. (See account 508, Income from Utility Plant Leased to Others.)

611. Interdepartmental Rents.

This account shall include the rents creditable to the electric department on account of rental charges made against other departments of the utility. In the case of property operated under a definite arrangement to allocate the costs, by accounts, among the departments using the property, the reimbursement to the electric department for operating and maintenance expenses shall be credited to the appropriate joint expense credit account or accounts, but the reimbursement for interest or return and depreciation and taxes shall be credited to this account. (See operating expense instruction 6.)

NOTE.—Charges for energy supplied other departments at tariff or other specified rates shall not be included in this account but in account 607, Interdepartmental Sales. (See operating revenue instruction 5.)

612. Customers' Forfeited Discounts and Penalties.

This account shall include the amounts which the utility allows its customers on condition that they pay their electric bills on or before a specified date and which are forfeited by the customers because of failure to pay within the specified time as well as the amounts of penalties imposed by the utility on its customers because of failure to pay bills within a specified time.

613. Sales of Water and Water Power.

A. This account shall include revenues derived from the sale of water for irrigation, domestic, industrial or other uses, or for the development by others of water power; also, revenues derived from furnishing water power for mechanical purposes when the investment in the property used in supplying such water or water power is carried in account 100-1, Utility Plant in Service.

B. The records for this account shall be kept in such manner as to permit an analysis of the rates charged and the purposes for which the water was used, such as city water supply, development of electricity by other utilities, industrial uses, irrigation, etc.

614. Servicing of Customers' Installations.

This account shall include revenues accruing to the utility from charges to customers on account of the maintenance of appliances, wiring, piping, or other installations on customers' premises.

615. Miscellaneous Electric Revenues.

This account shall include revenues derived from electric operations not includible in any of the foregoing accounts. This covers such items as fees and charges for changing, connecting and disconnecting service, profit on the sale of materials and supplies not ordinarily purchased for resale, commissions on sales or distribution of others' electric energy (sold under rates filed by such others); management or supervision fees, sale of steam (except where the utility furnishes steam heating service) and rentals from property included in account 362, Leased Property on Customers' Premises.

INSTRUCTIONS—OPERATING EXPENSE ACCOUNTS

1. Purpose of Operating Expense Accounts.

The operating expense accounts (701 to 809) are designed to show in detail the cost (except depreciation, amortization, certain property losses and taxes) of furnishing electric utility service. (See general instructions 6 and 7.)

2. Maintenance, Cost of.

A. The cost of maintenance chargeable to the various operating expense accounts and to clearing accounts includes labor, materials, overhead and other expenses incurred in maintenance work, such as:

Associated costs of local plant supervision.

Cost of transportation, shop and stores expense, and use of tools and implements.

Cutting and replacing pavement, pavement base, and sidewalks in connection with repairs.

Inspecting and testing after repairs have been made.

Inspecting, testing (except routine tests of transformers and meters), and reporting on the condition of utility plant in service specifically to determine the need for repairs, minor replacements, rearrangements and changes.

Replacing minor items of plant. (See utility plant instruction 12, c.)

Rearranging and changing the location of property not retired.

Repairing materials for reuse.

Restoring the condition of property damaged by storms, breakage, floods, fire, accident, or other casualties (see paragraph B, below).

Restoring the condition of property damaged by wear and tear, decay, or action of the elements (see paragraph B, below).

Routine work (see also paragraph B, below) to prevent trouble, such as pulling up slack, tightening guys and rak

ing guy stubs, straightening poles and crossarms and cleaning and adjusting equipment.
Testing for, locating, and clearing trouble.
Training employees for maintenance work.

B. The cost of maintenance does not include the cost of replacing items of property designated as "units of property." (See utility plant instruction 12.)

C. Materials recovered in connection with the maintenance of property shall be credited to the same account to which the maintenance cost was charged.

D. If the book cost of any property is carried in account 391, Utility Plant Purchased, the cost of maintaining such property shall be charged to the accounts for maintenance of property of the same class and use, the book cost of which is carried in other utility plant in service accounts. Maintenance of property leased from others shall be treated as provided in operating expense instruction 5.

3. Salvage and Insurance.

A. Salvage and insurance recovered in connection with maintenance jobs shall be credited to the appropriate maintenance accounts.

B. If the amount of insurance recovered is relatively large, and is received before the repairs have been completed, a disproportionate credit to operating expenses may be avoided by crediting the amount of the insurance recovered to a suspense account, to which the cost of repairs shall then be charged to the extent covered by insurance.

C. Insurance recovered in connection with personal injuries charged to account 799, Injuries and Damages, shall be credited to that account.

D. Dividends distributed by mutual insurance companies shall be credited to the accounts to which the insurance premiums were charged.

E. Recoveries under fidelity bonds shall be credited to the account charged with the loss.

4. Supervision and Engineering.

The supervision and engineering includible in the operating expense accounts shall consist of the pay and expenses (company and railroad transportation, lodging, meals, taxi and car fares and other

traveling and incidental expenses) of superintendents, engineers, clerks, other employees and consultants engaged in supervising and directing the operations and maintenance of each electric utility function; also office supplies and expenses, including the maintenance of office furniture and equipment. Wherever allocations are necessary in order to arrive at the amount to be included in any account, the method and basis of allocation shall be preserved.

5. Operating Rents.

A. Rent expense accounts are provided under each functional group of expense accounts. These accounts shall be charged with all rents paid for property used in electric operations. If the rents cover property used for more than one function, such as production and transmission, the rents shall be apportioned to the appropriate rent expense accounts on an actual, or, if necessary, an estimated basis. Provided, however, that if it is impracticable to apportion the rents, they may be included in account 509, Rent for Lease of Utility Plant.

B. Rents paid for property devoted to operations for which clearing accounts are used shall be charged to the appropriate clearing account.

C. The cost, when incurred by the lessee, of operating and maintaining leased property, shall be charged to the accounts appropriate for the expense if the property were owned.

D. Taxes paid by the lessee upon leased property shall be charged to the appropriate rent expense or clearing account.

E. When the lessee is responsible for the replacement of utility plant leased from others, the cost of replacements shall be charged to the appropriate rent expense or clearing account, unless a reserve therefor has been provided in which event the charge shall be to the reserve. (See utility plant instruction 7.)

F. When a portion of property or equipment rented from others for use in connection with electric operations is subleased, the revenue derived from such subleasing shall be credited to account 619, Rent from Electric Property; provided, however, that in case the rent was charged to a clearing account, amounts received from subleasing the property shall be credited to such clearing account.

G. If leased property is used by more than one department, the rental on such property shall be apportioned to the appropriate rent or clearing accounts of the various departments of the utility.

H. Property operated jointly by the utility and another or others under a definite arrangement whereby the actual segregated costs are shared between or among the parties shall be considered for the purpose of this system of accounts as a joint facility, and the accounting in connection therewith shall be handled as provided in operating expense instruction 6, following.

6. Joint Facility Rents and Expenses.

A. A joint facility for the purpose of this system of accounts is defined as any property occupied or used jointly by the utility and another or others under a definite arrangement whereby the actual segregated costs are shared between or among the parties. Property of the utility occupied or used under a similar definite arrangement between the electric department and a coordinate department or departments shall likewise be considered as a joint facility. (See operating revenue instruction 5).

B. Where the utility owns the joint facility, any amount received or transferred as reimbursement of operating or maintenance expenses shall be credited to the appropriate "joint expense—credit" or clearing account except credits for steam transferred, which shall be entered in account 712, Steam Transferred—Cr., amounts received or transferred covering depreciation, taxes and interest or return, shall be credited, in the case of another or others, to account 610, Rent from Electric Property, and in the case of coordinate departments to account 611, Interdepartmental Rents.

C. Any amount paid by or transferred to the utility for occupancy or use of a joint facility shall be charged to the appropriate "joint expense—debit" or clearing account or accounts.

D. In the event that joint facilities are used by either party in connection with construction work, credits for the full amount received and charges for the full amount paid, as the case may be, shall be made direct to the construction accounts affected.

E. These instructions are not intended to cover cases of joint ownership of pole lines and other property where each joint owner bears the cost of operating and maintaining its own property. In such cases the cost of operation and maintenance shall be recorded in the appropriate operating expense accounts other than the "joint expense" debit or credit accounts even though one of the joint owners operates or maintains the property and bills against other owners for all or a portion of the expenses incurred.

F. Electricity supplied by the utility from its own supply to a coordinate department shall be accounted for as provided in operating revenue instruction 5. If the utility desires to charge the appropriate accounts in any of its electric operations with the cost of electricity used from its own supply, credit therefor shall not be made to joint expense accounts but to account 806, Duplicate Miscellaneous Charges —Cr.

G. If the arrangement regarding use of facilities does not provide for the allocation of actual segregated costs, the facilities shall not be considered as joint.

7. Records for Each Plant.

A. Separate records shall be maintained, by operating and maintenance accounts, for the direct cost of operating and maintaining each electric plant owned or operated. (See general instruction 11 for definition of "plant.")

B. If the utility generates electric energy by two or more different methods, such as by steam and water power, at the same location, each method shall be treated as a separate plant.

C. Electric energy obtained from another company shall be separately accounted for.

OPERATING EXPENSE ACCOUNTS

I. PRODUCTION EXPENSES

A. Electric Generation—Steam Power

Operation.

B A 701 Operation Supervision and Engineering
B 702 Station Labor
A 702-1 Boiler Labor
A 702-2 Prime Mover and Generator Labor
A 702-3 Electric Labor
A 702-4 Miscellaneous Station Labor
B A 703 Fuel
B A 704 Water
B 705 Supplies and Expenses
A 705-1 Lubricants
A 705-2 Station Supplies
A 705-3 Station Expenses

Maintenance.

B A 706 Maintenance Supervision and Engineering
B A 707 Maintenance of Structures and Improvements
B 708 Maintenance of Boiler Plant Equipment
A 708-1 Maintenance of Coal Storage, Handling and Weighing Equipment
A 708-2 Maintenance of Furnaces and Boilers
A 708-3 Maintenance of Boiler Apparatus
A 708-4 Maintenance of Steam Piping and Accessories
B 709 Maintenance of Generating and Electric Equipment
A 709-1 Maintenance of Prime Movers and Generators
A 709-2 Maintenance of Accessory Electric Equipment
A 709-3 Maintenance of Miscellaneous Power Plant Equipment

Miscellaneous.

B A 710 Rents
B A 711 Steam from Other Sources

B A 712 Steam Transferred—Cr.
B A 713 Joint Expenses—Dr.
B A 714 Joint Expenses—Cr.

B. Electric Generation—Hydraulic Power.

Operation.

B A 715 Operation Supervision and Engineering
B 716 Station Labor
A 716-1 Hydraulic Labor
A 716-2 Prime Mover and Generator Labor
A 716-3 Electric Labor
A 716-4 Miscellaneous Station Labor
B A 717 Water for Power
B 718 Supplies and Expenses
A 718-1 Lubricants
A 718-2 Station Supplies
A 718-3 Station Expenses

Maintenance.

B A 719 Maintenance Supervision and Engineering
B A 720 Maintenance of Structures and Improvements
B A 721 Maintenance of Reservoirs, Dams and Waterways
B 722 Maintenance of Generating and Electric Equipment
A 722-1 Maintenance of Prime Movers and Generators
A 722-2 Maintenance of Accessory Electric Equipment
A 722-3 Maintenance of Miscellaneous Power Plant Equipment
B A 723 Maintenance of Roads, Railroads and Bridges

Miscellaneous.

B A 724 Rents
B A 725 Joint Expenses—Dr.
B A 726 Joint Expenses—Cr.

C. Electric Generation—Internal Combustion Engine Power

Operation.

B A 727 Operation Supervision and Engineering
B 728 Station Labor
A 728-1 Engine Labor
A 728-2 Electric Labor

A 728-3 Miscellaneous Station Labor
B A 729 Engine Fuel
B 730 Supplies and Expenses
A 730-1 Water
A 730-2 Lubricants
A 730-3 Station Supplies
A 730-4 Station Expenses

Maintenance.

B A 731 Maintenance Supervision and Engineering
B A 732 Maintenance of Structures and Improvements
B A 733 Maintenance of Fuel Holders, Producers and Accessories
B 734 Maintenance of Generating and Electric Equipment
A 734-1 Maintenance of Engines
A 734-2 Maintenance of Generators
A 734-3 Maintenance of Accessory Electric Equipment
A 734-4 Maintenance of Miscellaneous Power Plant Equipment

Miscellaneous.

B A 735 Rents
B A 736 Joint Expenses—Dr.
B A 737 Joint Expenses—Cr.

D. Other Production Expenses and Credits

B A 738 Purchased Power
B A 739 Interchange Power
B A 740 Other Expenses
B A 741 Joint Expenses—Dr.
B A 742 Joint Expenses—Cr.

II. TRANSMISSION EXPENSES

Operation.

B A 743 Operation Supervision and Engineering
B A 744 Load Dispatching Labor and Expenses
B 745 Operation of Stations
A 745-1 Station Labor
A 745-2 Station Supplies and Expenses
B 746 Operation of Lines
A 746-1 Overhead Lines
A 746-2 Underground Lines

Maintenance.

B A 747	Maintenance Supervision and Engineering
B A 748	Maintenance of Structures and Improvements
B A 749	Maintenance of Station Equipment
B 750	Maintenance of Overhead System
A 750-1	Maintenance of Towers and Fixtures
A 750-2	Maintenance of Poles and Fixtures
A 750-3	Maintenance of Conductors and Devices
B 751	Maintenance of Underground System
A 751-1	Maintenance of Conduit
A 751-2	Maintenance of Conductors and Devices
B A 752	Maintenance of Roads and Trails

Miscellaneous.

B A 753	Rents
B A 754	Joint Expenses—Dr.
B A 755	Joint Expenses—Cr.

III. DISTRIBUTION EXPENSES

Operation.

B A 756	Operation Supervision and Engineering
B A 757	Load Dispatching Labor and Expenses
B 758	Distribution Office Expenses
A 758-1	Distribution Maps and Records
A 758-2	Other Distribution Office Expenses
B 759	Operation of Stations
A 759-1	Station Labor
A 759-2	Station Supplies and Expenses
B 760	Operation of Storage Batteries
A 760-1	Storage Battery Labor
A 760-2	Storage Battery Supplies and Expenses
B 761	Operation of Lines
A 761-1	Overhead Lines
A 761-2	Underground Lines
A 761-3	Removing and Resetting Line Transformers
B 762	Services on Customers' Premises
A 762-1	Removing and Resetting Meters
A 762-2	Other Services on Customers' Premises
B 763	Operation of Street Lighting and Signal Systems
A 763-1	Overhead Systems
A 763-2	Underground Systems

Maintenance.

BA 764 Maintenance Supervision and Engineering
BA 765 Maintenance of Structures and Improvements
BA 766 Maintenance of Station Equipment
BA 767 Maintenance of Storage Battery Equipment
B 768 Maintenance of Overhead System
A 768-1 Maintenance of Poles, Towers and Fixtures
A 768-2 Maintenance of Conductors and Devices
B 769 Maintenance of Underground System
A 769-1 Maintenance of Conduit
A 769-2 Maintenance of Conductors and Devices
BA 770 Maintenance of Line Transformers and Devices
BA 771 Maintenance of Services
BA 772 Maintenance of Meters
BA 773 Maintenance of Installations on Customers' Premises
BA 774 Maintenance of Leased Property on Customers' Premises
BA 775 Maintenance of Street Lighting and Signal Systems

Miscellaneous.

BA 776 Rents.
BA 777 Joint Expenses—Dr.
BA 778 Joint Expenses—Cr.

IV. CUSTOMERS' ACCOUNTING AND COLLECTING EXPENSES

BA 779 Supervision
B 780 Customers' Contracts, Orders, Meter Reading and Collecting
A 780-1 Customers' Contracts and Orders
A 780-2 Credit Investigations and Records
A 780-3 Meter Reading
A 780-4 Collecting
BA 781 Customers' Billing and Accounting
BA 782 Miscellaneous Expenses
BA 783 Uncollectible Accounts
BA 784 Rents

V. SALES PROMOTION EXPENSES

BA 785 Supervision
BA 786 Salaries and Commissions

B 787 Demonstration, Advertising and Other Sales Expenses
A 787-1 Demonstration
A 787-2 Advertising
A 787-3 Miscellaneous Sales Expenses
B A 788 Rents
B A 789 Merchandising, Jobbing and Contract Work

VI. ADMINISTRATIVE AND GENERAL EXPENSES

B A 790 Salaries of General Officers and Executives
B A 791 Other General Office Salaries
B 792 Expenses of General Officers and General Office Employees
A 792-1 Expenses of General Officers
A 792-2 Expenses of General Office Employees
B A 793 General Office Supplies and Expenses
B A 794 Management and Supervision Fees and Expenses
B A 795 Special Services
B A 796 Legal Services
B A 797 Regulatory Commission Expenses
B A 798 Insurance
B A 799 Injuries and Damages
B 800 Employees' Welfare Expenses and Pensions
A 800-1 Employees' Welfare Expenses
A 800-2 Pensions
B A 801 Miscellaneous General Expenses
B 802 Maintenance of General Property
A 802-1 Maintenance of Structures and Improvements
A 802-2 Maintenance of Office Furniture and Equipment
A 802-3 Maintenance of Communication Equipment
A 802-4 Maintenance of Miscellaneous Property
B A 803 Rents
B A 804 Commissions Paid Under Agency Sales Contracts
B A 805 Franchise Requirements
B A 806 Duplicate Miscellaneous Charges—Cr.
B A 807 Administrative and General Expenses Transferred—Cr.
B A 808 Joint Expenses—Dr.
B A 809 Joint Expenses—Cr.

OPERATING EXPENSE ACCOUNTS

I. PRODUCTION EXPENSES

A. Electric Generation—Steam Power

Operation.

B A 701. Operation, Supervision and Engineering.

This account shall include the cost of supervising and directing the operation of steam power generating stations. (See operating expense instruction 4.)

NOTE.—The cost of fuel analysis shall be charged to account 131-1, Materials and Supplies—Utility.

B 702. Station Labor.

A 702-1. Boiler Labor.

This account shall include the pay of employees in boiler rooms and elsewhere about the premises engaged in making steam.

ITEMS

Boiler house engineer and assistants.
Feed pump men.
Firemen.
Furnace operators.
Helpers.
Janitors.
Stoker attendants.
Stokers.
Watchmen.
Water tenders.
Weighers.
Labor employed in:
- Blowing flues.
- Cleaning boilers.
- Handling coal and ashes (within the boiler plant).
- Pulverizing coal.
- Testing steam meters and gauges and other instruments.

A 702-2. Prime Mover and Generator Labor.

This account shall include the pay of employees engaged in operating prime movers and generators, including steam engines, steam turbines, main generators, turbo-generator units and auxiliary apparatus operated in connection therewith.

ITEMS

Engineers and assistants.
Floor attendants.
Machinists and helpers.
Oilers.
Turbo-generator attendants.
Wipers.

A 702-3. Electric Labor.

This account shall include the pay of employees engaged in operating electric equipment (Switchboards, feeder terminal boards, and other electric equipment) within the steam power generating plant and to the point where electricity leaves for conversion to transmission or distribution voltage.

ITEMS

Electricians.
Foremen and assistants.
Gallerymen.
Switchboard operators and assistants.
Wiremen.

A 702-4. Miscellaneous Station Labor.

This account shall include the pay of employees engaged in operating steam power generating stations, when such pay is not chargeable to the foregoing steam power plant labor accounts.

ITEMS

Elevator men.
Insect control labor.
Janitors.
Messengers.
Watchmen.
Yard and building cleaners.

B A 703. Fuel.

A. This account shall include the cost delivered at stations, including cost of transferring from one station to another (see account 131-1, Materials and Supplies—Utility) of coal, oil, gas, or other fuel used in the production of steam which is used for the production of electric energy by steam power. It shall also include the net cost, or amount realized from the disposal, of ashes.

B. Records shall be maintained to show the quantity, B.T.U. content, if available, and cost of each type of fuel used.

B A 704. Water.

This account shall include the cost of water for boilers and condensers and for cooling engines. If water is purchased, the charge shall be at the contract price or the meter rate; if pumped by the utility, the cost of pumping shall be charged to this account.

ITEMS

Employees:

Filter cleaners.
General labor.
Pumping station operators.
Screen operators.
Water supply system operators.

Supplies:

Boiler compounds.
Chemicals.
Lubricants.
Pumping supplies.
Supplies (miscellaneous).
Water purchased.

NOTE.—Do not include in this account water used for general station purposes or the cost of maintaining water supply systems.

B 705. Supplies and Expenses.

A 705-1. Lubricants.

This account shall include the cost of lubricants for machinery in steam power generating stations, including the cost of recovering oil from waste and the cost of handling and filtering.

NOTE A.—Oil used in pumping water shall be charged to account 704, Water.

NOTE B.—Do not include in this account oil for transformers, grease or oil for automobiles, trucks and wagons, or oil for lamps or for similar purposes.

A 705-2. Station Supplies.

This account shall include the cost of all supplies, tools, etc., used in steam power generating stations.

ITEMS

Dynamo brushes.
Fireroom tools.
Gauge glasses.
Hand hole gaskets.
Manhole gaskets.
Packing.
Steam and air hose.
Tools (hand).
Washers.
Waste.
Wipers.

A 705-3. Station Expenses.

This account shall include miscellaneous expenses, which are not specifically provided for in other operating expense accounts, incurred in the operation of steam power generating stations.

ITEMS

Boiler inspection fees.
Building service (not including rent).
Communication service.
Insect control material.
Log sheets and charts.
Meter supplies.
Stationery and office supplies.
Transportation.
Water for fire protection or for general use.
Employees' service facilities expense.

Maintenance.

B A 706. Maintenance Supervision and Engineering.

This account shall include the cost of supervising and directing the maintenance of steam power generating stations. (See operating expense instruction 4.)

A 707. Maintenance of Structures and Improvements.

This account shall include the cost of maintenance of buildings, structures, fixtures, and improvements at steam power generating stations, the book cost of which is included in account 311, Structures and Improvements.

B 708. Maintenance of Boiler Plant Equipment.

A 708-1. Maintenance of Coal Storage, Handling and Weighing Equipment.

This account shall include the cost of maintenance of coal handling, ash disposal and pulverizing equipment at steam power generating

stations, the book cost of which is included in account 312, Boiler Plant Equipment.

A 708-2. Maintenance of Furnaces and Boilers.

This account shall include the cost of maintenance of boilers and furnaces at steam power generating stations, the book cost of which is included in account 312, Boiler Plant Equipment.

A 708-3. Maintenance of Boiler Apparatus.

This account shall include the cost of maintenance of auxiliary apparatus in boiler rooms at steam power generating stations, the book cost of which is included in account 312, Boiler Plant Equipment, such as air preheaters, draft apparatus foundations, feed water apparatus, pumps, and water purification system.

A 708-4. Maintenance of Steam Piping and Accessories.

This account shall include the cost of maintenance of steam power generating station piping systems and accessories used in connection with the making of steam and the delivery thereof to the prime movers, the book cost of which is included in account 312, Boiler Plant Equipment.

B 709. Maintenance of Generating and Electric Equipment.

A 709-1. Maintenance of Prime Movers and Generators.

This account shall include the cost of maintenance of main steam engines and steam turbines, generators and turbo-generator units, and auxiliary apparatus, the book cost of which is included in account 313, Engines and Engine Driven Generators, and account 314, Turbo-Generator Units.

A 709-2. Maintenance of Accessory Electric Equipment.

This account shall include the cost of maintenance of accessory electric equipment, in steam power generating stations, the book cost of which is included in account 315, Accessory Electric Equipment.

A 709-3. Maintenance of Miscellaneous Power Plant Equipment.

This account shall include the cost of maintenance of miscellaneous steam power plant equipment, the book cost of which is included in account 316, Miscellaneous Power Plant Equipment.

Miscellaneous.

B A 710. Rents.

This account shall include all rents of property of others used, occupied, or operated in connection with steam power generation. (See operating expense instruction 5.)

B A 711. Steam from Other Sources.

This account shall include the cost of steam purchased for use in steam engines and turbines devoted to the production of electricity, also charges for steam transferred to electric generation from another operating department of the company.

NOTE.—The records shall be so kept as to show separately for each company from which steam is purchased, the point of delivery, the quantity, the price, and the total charge. When steam is transferred from another operating department, the utility shall be prepared to show full details of the cost of producing such steam, the basis of the charges to electric generation, and the extent and manner of use by each department involved.

B A 712. Steam Transferred—Cr.

This account shall include such portion of the cost of operating and maintaining joint facilities operated by the utility in connection with the production of steam as is charged to others or to a coordinate department. (See operating expense instruction 6.)

B A 713. Joint Expenses—Dr.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied, or operated in connection with steam power generation. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

Charges from others.
Charges from coordinate departments.

NOTE.—Charges for steam produced in joint facilities shall not be included in this account but in account 711, Steam from Other Sources.

B A 714. Joint Expenses—Cr.

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the electric department

in connection with steam power generation as is charged to others or to a coordinate department. (See operating expense instruction 6.)

B. The records supporting the entries to the account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

Charges to others.
Charges to coordinate departments.

NOTE.—Credits for steam transferred, produced in joint facilities, shall not be included in this account but in account 712, Steam Transferred—Cr.

B. Electric Generation—Hydraulic Power

Operation.

B A 715. Operation Supervision and Engineering.

This account shall include the cost of supervising and directing the operation of hydraulic power generating stations. (See operating expense instruction 4.)

B 716. Station Labor.

A 716-1. Hydraulic Labor.

This account shall include the pay of employees engaged in operating hydraulic works, including reservoirs, dams, and waterways, and all other employees whose duties concern the operation of the hydroelectric development outside of the generating station.

ITEMS

Cleaners at reservoirs and screens.
Flume patrolmen.
Foremen.
Insect control labor.
Intake operators.

A 716-2. Prime Mover and Generator Labor.

This account shall include the pay of employees engaged in operating hydraulic power driven prime movers, generators, turbo-generator units and the auxiliary apparatus operated in connection therewith.

ITEMS

Foremen and assistants.
Generator attendants.
Machinists.
Oilers.
Wipers.

A 716-3. Electric Labor.

This account shall include the pay of employees engaged in operating switchboards, feeder terminal boards, and other electric equipment in hydraulic power generating stations, to the point where electricity leaves for conversion to transmission or distribution voltage.

ITEMS

Electricians.
Foremen and assistants.
Gallerymen.
Switchboard operators and assistants.
Wiremen.

A 716-4. Miscellaneous Station Labor.

This account shall include the pay of employees engaged in operating hydraulic power generating stations except such pay as is chargeable to the foregoing hydraulic power plant labor accounts.

ITEMS

Elevator men.
Janitors.
Messengers.
Watchmen.
Yard and building cleaners.

B A 717. Water for Power.

This account shall include the cost of water purchased for hydraulic power generation.

ITEMS

Cost of water purchased from others.
Periodic payments for licenses or permits from any governmental agency for water rights.
Periodic payments for riparian rights.

B 718. Supplies and Expenses.

A 718-1. Lubricants.

This account shall include the cost of lubricants for machinery in hydraulic power generating stations, including the cost of recovering oil from waste and the cost of handling and filtering.

NOTE.—Do not include in this account oil for transformers, grease, or oil for automobiles, trucks, and wagons, or oil for lamps or for similar purposes.

A 718-2. Station Supplies.

This account shall include the cost of all miscellaneous supplies, tools, etc., used in hydraulic power generating stations.

ITEMS

Dynamo brushes.
Gaskets.
Materials to protect dams and gates.
Packing.
Tools (hand).
Washers.
Waste.
Wipers.

A 718-3. Station Expenses.

This account shall include miscellaneous expenses, which are not specifically provided for in other operating expense accounts, incurred in the operation of hydraulic power generating stations.

ITEMS

Building service (not including rent).
Communication service.
Employees' service facilities expense.
Insect control materials.
Log sheets and charts.
Meter supplies.
Stationery and office supplies.
Transportation.
Water for fire protection or general use.

Maintenance.

B A 719. Maintenance Supervision and Engineering.

This account shall include the cost of supervising and directing the maintenance of hydraulic power generating stations. (See operating expense instruction 4.)

B A 720. Maintenance of Structures and Improvements.

This account shall include the cost of maintenance of building, structures, fixtures, and improvements at hydraulic power generating stations, the book cost of which is included in account 321, Structures and Improvements.

B A. 721. Maintenance of Reservoirs, Dams and Waterways.

This account shall include the cost of maintenance of reservoirs, dams, waterways, intakes, forebays, penstocks and tailraces, and ap-

purtenant structures and facilities, including gates, raising and lowering apparatus, wasteways, spillways, fish ladders, canals, ditches, flumes, tunnels, and pipe lines, used in connection with hydraulic works, also navigation facilities such as locks, booms, sluices, regulating gates, and other appurtenant structures and facilities for navigation purposes, the book cost of which is included in account 322, Reservoirs, Dams, and Waterways.

B 722. Maintenance of Generating and Electric Equipment.

A 722-1. Maintenance of Prime Movers and Generators.

This account shall include the cost of maintenance of hydraulic facilities from the connection with the penstock or flume of tailrace and of all main hydraulic turbines, water wheels, and water-driven generators and auxiliary apparatus, the book cost of which is included in account 323, Water Wheels, Turbines, and Generators.

A 722-2. Maintenance of Accessory Electric Equipment.

This account shall include the cost of maintenance of accessory electric equipment in hydraulic power generating stations, the book cost of which is included in account 324, Accessory Electric Equipment.

A 722-3. Maintenance of Miscellaneous Power Plant Equipment.

This account shall include the cost of maintenance of miscellaneous hydraulic power plant equipment, the book cost of which is included in account 325, Miscellaneous Power Plant Equipment.

B A 723. Maintenance of Roads, Railroads, and Bridges.

This account shall include the cost of maintenance of roads, trails, railroads, bridges and trestles, maintained in connection with the operation of hydraulic power generating stations, the book cost of which is included in account 326, Roads, Railroads and Bridges; also the cost of maintenance of roads and bridges dedicated to public use but maintained by the utility.

Miscellaneous.

B A 724. Rents.

This account shall include all rents of property of others used, occupied, or operated in connection with hydraulic power generation, including amounts payable to the United States for the occupancy of

public lands and reservations for reservoirs, dams, flumes, forebays, penstocks, power houses, etc., but not including transmission right-of-way. (See operating expense instruction 5.)

B A 725. Joint Expenses—Dr.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied, or operated in connection with hydraulic power generation. (See operating expense instruction 6.)

B. Annual charges from others for headwater improvements owned by such others and made under licenses or permits from governmental agencies, shall be charged in their entirety to this account.

C. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

Charges from others.
Charges from coordinate departments.

B A 726. Joint Expenses—Cr.

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the electric department in connection with hydraulic power generation as is charged to others or to a coordinate department. (See operating expense instruction 6.)

B. Annual charges against others for operation and maintenance of headwater improvements owned by the utility and made under licenses or permits from governmental agencies shall be included in this account.

C. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

Charges to others.
Charges to coordinate departments.

C. Electric Generation—Internal Combustion Engine Power Operations.

B A 727. Operation Supervision and Engineering.

This account shall include the cost of supervising and directing the

operation of internal combustion engine power generating stations. (See operating expense instruction 4.)

NOTE.—The cost of fuel analysis shall be charged to account 131-1, Materials and Supplies—Utility.

B 728. Station Labor.

A 728-1. Engine Labor.

This account shall include the pay of employees engaged in the delivery of fuel to the engine after the receipt and storage of fuel. This covers the handling of fuel from storage to the gas generator building, and the handling of residuals from said building to the point where residuals are placed when removed from the building. The account shall also include the pay of employees engaged in operating prime movers and generators and auxiliary apparatus operated in connection therewith.

ITEMS

Engineers and assistants.
Generator attendants.
Machinists and helpers.
Oilers.
Wipers.

A 728-2. Electric Labor.

This account shall include the pay of employees engaged in operating electric equipment, including switchboards, feeder terminal boards, and other electric equipment, in internal combustion engine generating stations, to the point where electricity leaves for conversion to transmission or distribution voltage.

ITEMS

Electricians.
Foremen and assistants.
Gallerymen.
Switchboard operators and assistants.
Wiremen.

A 728-3. Miscellaneous Station Labor.

This account shall include the pay of employees engaged in operating internal combustion power generating stations, except such pay as is chargeable to the foregoing internal combustion power plant labor accounts.

ITEMS

Elevator men.
Janitors.
Messengers.
Watchmen.
Yard and building cleaners.

B A 729. Engine Fuel.

A. This account shall include the cost delivered at the station, including cost of transferring from one station to another (see account 131-1, Materials and Supplies—Utility) of all fuel, such as gas, oil, kerosene, and gasoline used in internal combustion engines.

B. Where the producer gas process is used, include in this account the cost delivered at the station of fuel used for producing gas, and all other costs and expenses of producing gas.

C. This account shall include also the net cost of, or amount realized from, disposal of residuals.

B 730. Supplies and Expenses.

A 730-1. Water.

This account shall include the cost of water used for cooling internal combustion engines and of water used in the production of gas for power purposes. If water is purchased, the charge shall be at the contract price or meter rate; if pumped by the utility, the cost of pumping shall be charged to this account.

ITEMS

Employees:

Filter cleaners.
General labor.
Pumping station operators.
Screen operators.
Water supply system operators.

Supplies:

Boiler compounds.
Chemicals.
Lubricants.
Pumping supplies.
Supplies (miscellaneous).

NOTE.—Do not include in this account water used for general station purposes or the cost of maintaining the water supply system.

A 730-2. Lubricants.

A. This account shall include the cost of lubricants for machinery in the internal combustion power generating stations, including recovery of oil from waste and the cost of handling and filtering.

B. Oil used in pumping water shall be charged to account 730-1, Water.

NOTE.—Do not include in this account oil for transformers, grease, or oil for automobiles, trucks and wagons, or oil for lamps or for similar purposes.

A 730-3. Station Supplies.

This account shall include the cost of all miscellaneous supplies, tools, etc., used in internal combustion power generating stations.

ITEMS

Dynamo brushes.
Gauge glasses.
Hand hole gaskets.
Manhole gaskets.
Packing.
Tools (hand).
Washers.
Waste.
Wipers.

A 730-4. Station Expenses.

This account shall include miscellaneous expenses incurred in the operation of internal combustion power generating stations which are not specifically provided for in other operating expense accounts.

ITEMS

Building service (not including rent).
Communication service.
Employees' service facilities expense.
Log sheets and charts.
Meter supplies.
Stationery and office supplies.
Transportation.
Water for fire protection or general use.

Maintenance.

B A 731. Maintenance Supervision and Engineering.

This account shall include the cost of supervising and directing the maintenance of internal combustion engine power generating stations. (See operating expense instruction 4.)

B A 732. Maintenance of Structures and Improvements.

This account shall include the cost of maintenance of buildings, structures, fixtures and improvements at internal combustion engine power generating stations, the book cost of which is included in account 331, Structures and Improvements.

B A 733. Maintenance of Fuel Holders, Producers and Accessories.

This account shall include the cost of maintenance of storage tanks, facilities, apparatus, etc., used for the storage of fuel or the production of gas to be used in internal combustion engines in the production of electric energy, the book cost of which is included in account 332, Fuel Holders, Producers and Accessories.

ITEMS

Ash disposal equipment, etc.
Economizers.
Exhaust pipe.
Exhauster outfits.
Gas conductor.
Gas producers and accessories.
Pumps.
Regenerators.
Scrubbers.
Steam injectors.
Vaporizers.

B 734. Maintenance of Generating and Electric Equipment.

A 734-1. Maintenance of Engines.

This account shall include the cost of maintenance of Diesel, gas, oil, and other internal combustion engines, the book cost of which is included in account 333, Internal Combustion Engines.

A 734-2. Maintenance of Generators.

This account shall include the cost of maintenance of main internal combustion engine driven generators, the book cost of which is included in account 334, Generators.

A 734-3. Maintenance of Accessory Electric Equipment.

This account shall include the cost of maintenance of electric equipment in internal combustion engine generating stations, the book cost of which is included in account 335, Accessory Electric Equipment.

A 734-4. Maintenance of Miscellaneous Power Plant Equipment.

This account shall include the cost of maintenance of miscellaneous internal combustion engine power equipment, the book cost of which is included in account 336, Miscellaneous Power Plant Equipment.

Miscellaneous.

B A 735. Rents.

This account shall include all rents of property of others used, occupied or operated in connection with internal combustion generation. (See operating expense instruction 5.)

B A 736. Joint Expenses—Dr.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied or operated in connection with internal combustion generation. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

Charges from others.
Charges from coordinate departments.

B A 737. Joint Expenses—Cr.

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the electric department in connection with internal combustion generation as is charged to others or to a coordinate department. (See operating expense instruction 6.)

B. Where a portion of the gas produced in a gas power generating plant is used by a coordinate department, the cost of producing the gas so used shall be charged to the department benefited and the amount of the charge included in this account.

C. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

Charges to others.
Charges to coordinate departments.

D. Other Production Expenses and Credits

BA 738. Purchased Power.

A. This account shall include the cost at the point of delivery to the utility of electricity purchased for resale, including charges for readiness to serve. This account shall be maintained in such manner as to show the following:

Readiness to serve or "standby" charges where determinable.
Firm power purchased.
Dump or surplus power purchased.

B. The records shall also show, by months, the demands and demand charges and kilowatt hours and prices thereof under each purchase contract.

BA 739. Interchange Power.

A. This account shall include the amounts charged or credited under interchange agreements whereby the accounting utility both delivers energy to and receives energy from another for the purpose of achieving efficient utilization of productive capacity.

B. Payments or receipts for energy received or delivered under firm or surplus sales agreements shall not be included herein.

C. The records shall show, by months, the charges and credits under each interchange agreement.

BA 740. Other Expenses.

This account shall be charged with any production expenses, including expenses incurred directly in connection with the purchase of power, which are not specifically provided for in the other production expense accounts. Charges to this account shall be supported by sufficient detail so as to show why they were made to this account rather than to some other production expense account, and a description of each charge shall be available.

BA 741. Joint Expenses—Dr.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied or operated in connection with the production of electric energy where it is impracticable to allocate such payments to the Joint Production Expenses—Dr. accounts under steam power genera-

tion, hydraulic power generation, or internal combustion power generation. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

Charges from others.
Charges from coordinate departments.

B A 742. Joint Expenses—Cr.

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the electric department in connection with the production of electrical energy as is charged to others or to a coordinate department where it is impracticable to allocate such cost to the Joint Production Expenses—Cr. accounts under steam power generation, hydraulic power generation, or internal combustion power generation. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

Charges to others.
Charges to coordinate departments.

II. TRANSMISSION EXPENSES

Operation.

B A 743. Operation Supervision and Engineering.

This account shall include the cost of supervising and directing the operation of transmission systems. (See operating expense instruction 4.)

B A 744. Load Dispatching Labor and Expenses.

A. This account shall include the pay and expenses of load dispatchers and their assistants for time engaged in the operation of transmission load dispatching.

B. If load dispatchers and their assistants are stationed at a generating station and part of their time is devoted to the operation

of that station, their time shall be apportioned between this account and the appropriate electric generation labor account on an equitable basis.

B 745. Operation of Stations.

A 745-1. Station Labor.

A. This account shall include the pay of employees engaged in operating transmission substations and switching stations.

B. If transmission station equipment is located in or adjacent to a generating station, the pay of employees applicable to transmission station operations shall be charge to this account.

A 745-2. Station Supplies and Expenses.

A. This account shall include the cost of supplies for and expenses incurred in connection with the operation of transmission substations and switching stations.

B. If transmission station equipment is located in or adjacent to a generating station, the supplies and expenses applicable to transmission station operations shall be charged to transmission station expenses.

ITEMS

Building service (not including rent).
Communication service.
Lubricants and waste.
Meter supplies.
Records (substation).
Stationery and office supplies.
Tools.
Traveling expenses.
Water.

B 746. Operation of Lines.

A 746-1. Overhead Lines.

This account shall include the pay and expenses of patrolmen, testers, etc., employed on overhead transmission lines; also the pay and expenses of employees engaged in trimming trees and clearing brush and other refuse from the transmission rights of way after the transmission line has been placed in operation.

A 746-2. Underground Lines.

This account shall include the pay and expenses of patrolmen, testers, etc., employed on underground transmission lines, including

inspection and clearing of subway ducts, manholes, and sewer connections, for transmission lines.

Maintenance.

B A 747. Maintenance Supervision and Engineering.

This account shall include the cost of supervising and directing the maintenance of transmission systems. (See operating expense instruction 4.)

B A 748. Maintenance of Structures and Improvements.

This account shall include the cost of maintenance of transmission structures, fixtures and improvements, the book cost of which is included in account 342, Structures and Improvements.

NOTE.—Do not include in this account the cost of maintenance of transmission roads and trails.

B A 749. Maintenance of Station Equipment.

This account shall include the cost of maintaining transmission substation and switching station equipment, the book cost of which is included in account 343, Station Equipment.

B 750. Maintenance of Overhead System.

A 750-1. Maintenance of Towers and Fixtures.

This account shall include the cost of maintenance of transmission towers and fixtures, the book cost of which is included in account 344, Towers and Fixtures.

A 750-2. Maintenance of Poles and Fixtures.

This account shall include the cost of maintenance of transmission poles and fixtures, the book cost of which is included in account 345, Poles and Fixtures. This account shall not include the cost of replacing poles, which shall be handled as additions and retirements of property.

A 750-3. Maintenance of Conductors and Devices.

This account shall include the cost of maintenance of overhead transmission conductors, cables, insulators, etc., the book cost of which is included in account 346, Overhead Conductors and Devices.

P 751. Maintenance of Underground System.

A 751-1. Maintenance of Conduit.

This account shall include the cost of maintenance of transmission subways, underground conduit, ducts, manholes, sewer connections and traps, the book cost of which is included in account 347, Underground Conduit.

A 751-2. Maintenance of Conductors and Devices.

This account shall include the cost of maintenance of underground transmission cables, insulators, etc., the book cost of which is included in account 348, Underground Conductors and Devices.

BA 752. Maintenance of Roads and Trails.

This account shall include the cost of maintenance of permanent transmission roads, trails, and bridges, the book cost of which is included in account 349, Roads and Trails; also the cost of maintenance of roads and trails dedicated to public use but maintained by the utility.

Miscellaneous.

P A 753. Rents.

This account shall include all rents of property of others used, occupied or operated in connection with the transmission system, including payments to the United States and others for use of public or private lands and reservations for transmission line right of ways and also amounts paid to others for transmission of energy for the accounting utility. (See operating expense instruction 5.)

B A 754. Joint Expenses—Dr.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied, or operated in connection with the transmission of electric energy. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

Charges from others.
Charges from coordinate departments.

B A 755. Joint Expenses—Cr.

A. This account shall include such portion of the cost of operating and maintaining joint facilities, operated by the electric department in connection with the transmission of electric energy as is charged to others, or to a coordinate department. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

Charges to others.
Charges to coordinate departments.

III. DISTRIBUTION EXPENSES

Operation.

B A 756. Operation Supervision and Engineering.

This account shall include the cost of supervising and directing the operation of the distribution systems. (See operating expense instruction 4.)

B A 757. Load Dispatching Labor and Expenses.

A. This account (the keeping of which is optional with the utility) shall include the pay and expenses of load dispatchers and their assistants for time engaged in the operation of distribution load dispatching.

B. If load dispatchers and their assistants are stationed at a distribution substation and part of their time is devoted to the operation of that substation, their time shall be apportioned between this account and the appropriate distribution station labor account on an equitable basis.

NOTE.—If this account is not kept by the utility, all load dispatching labor and expenses shall be included in transmission expenses, account 744, Load Dispatching Labor and Expenses.

B 758. Distribution Office Expenses.

A 758-1. Distribution Maps and Records.

This account shall include salaries and expenses for the preparation of distribution maps and records of underground and overhead distribution lines, including the cost of stationery, drawing materials, etc.

A 758-2. Other Distribution Office Expenses.

This account shall include such distribution office expenses as heat, ice water, office supplies, stationery and printing, telephone tolls and rentals, janitor service, etc.

B 759. Operation of Stations.

A 759-1. Station Labor.

This account shall include the pay of employees engaged in the operation of distribution stations.

A 759-2. Station Supplies and Expenses.

This account shall include the cost of supplies used and expenses incurred in the operation of distribution stations.

ITEMS

Building service (but not rent).
Communication service.
Lubricants and waste.
Meter supplies.
Records, substation.
Stationery and office supplies.
Tools.
Transportation.
Water.

B 760. Operation of Storage Batteries.

A 760-1. Storage Battery Labor.

This account shall include the pay of battery men, inspectors, and testers engaged in the operation of storage batteries.

A 760-2. Storage Battery Supplies and Expenses.

This account shall include the cost of supplies used and expenses incurred in the operation of storage batteries.

ITEMS

Acid.
Automatic cell fillers.
Brooms.
Brushes for boosters and compensators.
Distilled water for cells.
Gloves.
Hydrometers.
Maps.
Paint.
Rubber hose.
Shoes.
Soda.
Sponges.
Thermometers.
Waste.

B 761. Operation of Lines.

A 761-1. Overhead Lines.

A. This account shall include the pay and expenses of patrolmen, testers, etc., employed on overhead distribution lines, and the expense of trimming trees, inspecting and testing lightning arresters, voltage surveys, periodic testing and routine patrolling.

B. Include in this account expenses in connection with the routine inspection and testing of distribution system grounds.

A 761-2. Underground Lines.

This account shall include the pay and expenses of patrolmen, testers, etc., employed on underground distribution lines, including expenses in connection with periodic inspection, testing, and routine patrolling and cleaning subway ducts, manholes, and sewer connections for distribution lines.

A 761-3. Removing and Resetting Line Transformers.

This account shall include the cost of inspecting, testing, removing, resetting and changing line transformers.

NOTE.—The cost of the first setting of a transformer shall not be charged to this account but to utility plant account 358, Line Transformers.

B 762. Services on Customers' Premises.

A 762-1. Removing and Resetting Meters.

This account shall include the cost of inspecting, testing, removing and resetting or changing the location of meters or instrument transformers and accessory equipment located on customers' premises.

NOTE A.—The cost of the first setting of a meter shall not be charged to this account but to utility plant account 360, Meters.

NOTE B.—The cost of removing and resetting special large built-up meters shall not be charged to this account. Such installations shall be accounted for as additions and retirements.

A 762-2. Other Services on Customers' Premises.

A. This account shall include the cost of labor and materials used and expenses incurred (where such costs are borne by the utility) in work on customers' premises other than amounts includible in account 762-1, Removing and Resetting Meters.

B. Class A utilities shall keep their accounts or supporting records in such manner as to be able to show an analysis of this account according to the following functions:

Investigating and adjusting service complaints.
Lamp service—arc and incandescent.
Maintenance of fixtures and appliances.
Radio interference work.
Other work on customers' premises.

NOTE.—Do not include in this account expenses incurred in connection with merchandising, jobbing and contract work. (See account 520, Income from Merchandising, Jobbing and Contract Work, and account 789, Merchandising, Jobbing and Contract Work.)

B 763. Operation of Street Lighting and Signal Systems.

A 763-1. Overhead Systems.

This account shall include the cost of labor and materials used and expenses incurred in the operation of overhead street lighting and signal systems, including traffic, fire and police signal systems.

ITEMS

Clearing brush and other refuse.
Patrolling.
Testing lines.
Transportation.
Trimming trees.
Voltage surveys.

A 763-2. Underground Systems.

This account shall include the cost of labor and materials used and expenses incurred in the operation of underground street lighting and signal systems, including traffic, fire, and police signal systems.

ITEMS

Cleaning subway ducts, manholes, and sewer connections.
Patrolling.
Testing lines.
Transportation.
Voltage surveys.

Maintenance.

B A 764. Maintenance Supervision and Engineering.

This account shall include the cost of supervising and directing the maintenance of the distribution system. (See operating expense instruction 4.)

B A 765. Maintenance of Structures and Improvements.

This account shall include the cost of maintenance of distribution structures and improvements, the book cost of which is included in account 351, Structures and Improvements.

B A 766. Maintenance of Station Equipment.

This account shall include the cost of maintenance of distribution substation equipment, the book cost of which is included in account 352, Station Equipment.

B A 767. Maintenance of Storage Battery Equipment.

This account shall include the cost of maintenance of storage battery equipment, the book cost of which is included in account 353, Storage Battery Equipment.

B 768. Maintenance of Overhead System.

A 768-1. Maintenance of Poles, Towers and Fixtures.

This account shall include the cost of maintenance of distribution poles, crossarms, braces, guys, and other pole supports, and towers and tower fixtures, the book cost of which is included in account 354, Poles, Towers and Fixtures. This account shall not include the replacements of poles, which shall be handled as additions and retirements of property.

NOTE.—Maintenance of ornamental street lighting columns shall be charged to account 775, Maintenance of Street Lighting and Signal Systems.

A 768-2. Maintenance of Conductors and Devices.

This account shall include the cost of maintenance of distribution pole line conductors, feeders, cable, wire, line devices, insulators, and insulating material, the book cost of which is included in account 355, Overhead Conductors and Devices.

B 769. Maintenance of Underground System.

A 769-1. Maintenance of Conduit.

This account shall include the cost of maintenance of subways and underground conduit carrying distribution conductors, the book cost of which is included in account 356, Underground Conduit.

A 769-2. Maintenance of Conductors and Devices.

This account shall include the cost of maintenance of conductors, feeders, cable, wire, line devices, insulators and insulating materials used in the underground distribution system, the book cost of which is included in account 357, Underground Conductors and Devices.

NOTE.—Maintenance of cable inside ornamental posts shall be charged to account 775, Maintenance of Street Lighting and Signal Systems.

BA 770. Maintenance of Line Transformers and Devices.

A. This account shall include the cost of maintenance of distribution line transformers and devices, the book cost of which is included in account 358, Line Transformers.

B. Include in this account the cost of renewing oil, repainting, rewinding, and other maintenance; also the cost of maintaining lightning arresters installed for transformer protection; and the expense connected with the re-fusing of transformer cutouts.

NOTE.—The cost of transformer changes incurred by reason of load conditions shall be charged to account 761-3, Removing and Resetting Line Transformers.

BA 771. Maintenance of Services.

A. This account shall include the cost of maintenance of services, the book cost of which is included in account 359, Services.

B. Class A utilities shall keep their accounts in such manner as to show separately the maintenance of overhead services and the maintenance of underground services.

BA 772. Maintenance of Meters.

This account shall include the cost of maintenance of meters, the book cost of which is carried in account 360, Meters.

BA 773. Maintenance of Installations on Customers' Premises.

This account shall include the cost of maintenance (where such cost is borne by the utility) of the electric property on customers' premises, the book cost of which is included in account 361, Installations on Customers' Premises.

NOTE.—Exclude herefrom maintenance in connection with merchandising, jobbing and contract work. (See account 520, Income from Merchandising, Jobbing and Contract Work, and account 789, Merchandising, Jobbing and Contract Work.)

B A 774. Maintenance of Leased Property on Customers' Premises.

This account shall include the cost of maintenance (where such cost is borne by the utility) of electric property leased to customers, the book cost of which is included in account 362, Leased Property on Customers' Premises.

NOTE.—Exclude herefrom maintenance in connection with merchandising, jobbing and contract work. (See account 580, Income from Merchandising, Jobbing and Contract Work, and account 789, Merchandising, Jobbing and Contract Work.)

B A 775. Maintenance of Street Lighting and Signal Systems.

This account shall include the cost of maintenance of street lighting and signal systems, the book cost of which is included in account 363, Street Lighting and Signal Systems.

Miscellaneous.

B A 776. Rents.

This account shall include all rents of property of others used, occupied, or operated in connection with the distribution system, including payments to the United States and others for the use and occupancy of public lands and reservations for distribution line rights of way. (See operating expense instruction 5.)

B A 777. Joint Expenses—Dr.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied, or operated in connection with the distribution of electric energy. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

Charges from others.
Charges from coordinate departments.

B A 778. Joint Expenses—Cr.

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the electric department in connection with the distribution of electric energy as is charged to others or to a coordinate department. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

Charges to others.
Charges to coordinate departments.

IV. CUSTOMERS' ACCOUNTING AND COLLECTING EXPENSES

B A 779. Supervision.

This account shall include the cost of supervising and directing work on customers' contracts, orders, inquiries and accounts, and in meter reading, and collecting. (See operating expense instruction 4.)

B 780. Customers' Contracts, Orders, Meter Reading, and Collecting.

A 780-1. Customers' Contracts and Orders.

This account shall include the pay and expenses of employees engaged in work on customers' applications, contracts, orders, complaints and inquiries, and supplies used and expenses incurred in connection therewith.

ITEMS

Supplies and expenses:
Books.
Building service (not including rent).
Office supplies.
Postage
Stationery.
Transportation.

A 780-2. Credit Investigations and Records.

This account shall include the pay and expenses of employees engaged in investigations of customers' credit and the keeping of records pertaining thereto, including supplies used and expenses incurred in connection therewith.

ITEMS

Supplies and expenses:
Books.
Building service (not including rent).

Office supplies.
Postage
Stationery.
Transportation.

NOTE.—The keeping of this account is optional. If not used, charges provided for herein shall be included in account 780-1, Customers' Contracts and Orders.

A 780-3. Meter Reading.

This account shall include the pay and expenses of employees engaged in reading customers' meters, and supplies used and expenses incurred in connection therewith.

ITEMS

Badges.
Building service (not including rent).
Forms for recording readings.
Lamps.
Meter readers, pay of.
Transportation.
Uniforms.

A 780-4. Collecting.

This account shall include the pay and expenses of employees engaged in collecting customers' bills, and supplies used and expenses incurred in connection therewith.

ITEMS

Building service (not including rent).
Commissions, fees, or salaries of collectors.
Disconnection for non-payment of bills.
Office supplies.
Postage.
Stationery and printing.
Transportation.

B A 781. Customers' Billing and Accounting.

This account shall include the pay and expenses of employees engaged in customers' billing and accounting work, and supplies used and expenses incurred in connection therewith.

ITEMS

Accounts, customers', keeping of.
Address plates.
Billing.
Bookkeeping.

Books.
Building service (not including rent).
Delivery of bills.
Office supplies.
Postage.
Stationery and printing.
Statistical work on customers' accounts.
Tabulating sales.
Transportation.

BA 782. Miscellaneous Expenses.

This account shall include the labor and materials and expenses, which are not chargeable to the foregoing accounts, and which were used or incurred in customers' accounting and collecting.

BA 783. Uncollectible Accounts.

This account shall be charged each month with amounts sufficient to provide for losses from uncollectible electric revenues. Concurrent credits shall be made to account 254, Reserve for Uncollectible Accounts. Losses for uncollectible accounts shall be charged to such reserve.

BA 784. Rents.

This account shall include rents of property of others used in connection with customers' accounting and collecting. (See operating expense instruction 5.)

V. SALES PROMOTION EXPENSES

BA 785. Supervision.

This account shall include the cost of supervising and directing the sales department and the solicitation of new business, including assistants, stenographers, and clerical help on records. (See operating expense instruction 4.)

NOTE.—Do not include in this account sales supervision in connection with merchandise or appliance sales.

BA 786. Salaries and Commissions.

This account shall include the salaries and commissions paid salesmen for canvassing and soliciting new business, including the cost of preparing estimates for industrial and other customers.

B 787. Demonstration, Advertising, and Other Sales Expenses.

A 787-1. Demonstration.

This account shall include the cost of labor and materials used and expenses incurred in demonstrating the use of appliances or other equipment.

ITEMS

Employees:
- Demonstrators.
- Instructors.
- Typists and clerks.

Expenses:
- Building service (not including rent).
- Communication service.
- Demonstration supplies.
- Electric service.
- Transportation.

NOTE.—Do not include in this account demonstration expense incurred in connection with merchandise or appliance sales.

A 787-2. Advertising.

This account shall include the cost of labor and materials used and expenses incurred in connection with advertising for the purpose of promoting the sales of electricity.

ITEMS

- Advertising in newspapers, periodicals, etc.
- Advertising manager and assistants.
- Clerks.
- Materials and expenses in preparing:
  - Advertisements.
  - Booklets.
  - Bulletins.
  - Dodgers.
  - Posters.
- Stenographers and typists.

NOTE.—Do not include in this account advertising in connection with merchandise or appliance sales.

A 787-3. Miscellaneous Sales Expenses.

This account shall include the cost of labor and materials used and expenses incurred in soliciting new business, except amounts chargeable to the foregoing accounts.

NOTE.—Do not include in this account expenses incurred in connection with merchandise or appliance sales.

BA 788. Rents.

This account shall include rents properly includible in operating expenses for property of others used by the sales promotion organization. (See operating expense instruction 5.)

BA 789. Merchandising, Jobbing and Contract Work.

A. This account shall include all expenses of merchandising, jobbing and contract work; also all revenues derived from the sale of electric merchandise, and jobbing or contract work, including any profit or commissions accruing to the utility from jobbing work performed by it as agent under agency contracts, whereby it undertakes to do jobbing work for another for a stipulated profit or commission.

B. This account shall be subdivided as follows:

789-1 Revenues from Merchandising, Jobbing and Contract Work.

789-2 Costs and Expenses of Merchandising, Jobbing and Contract Work.

Account 789-2 shall be further subdivided so as to show the major items of costs and expenses.

ITEMS

Advertising in connection with the sale of merchandise.
Cost of merchandise sold, and of materials used for jobbing work, including transportation, storage, handling.
Depreciation.
Direct taxes.
Discounts and allowances made in settlement of bills for merchandise and jobbing work.
General administrative expenses.
Insurance.
Inventory adjustments, merchandise
Light, heat and power.
Losses from uncollectible accounts.
Miscellaneous.
Pay and expenses of employees engaged in clerical work, and bookkeeping in connection with merchandising.
Pay and expenses of all employees engaged in selling, delivery, installation, etc., as well as supervision of such employees.
Reconditioning repossessed appliances.
Rent of general quarters.

Revenue from the sale of merchandise and from jobbing and contract work.

Stores expense on merchandise stocks.

NOTE.—The income from merchandising, jobbing and contract work shall be reported in this account if state statutes or orders of the Commission having jurisdiction over the utility permit such income to be reported as an operating expense item, but the amount shall be reported in account 520, Income from Merchandising, Jobbing and Contract Work if the statutes or orders of the Commission require such income to be reported as non-operating income.

VI. ADMINISTRATIVE AND GENERAL EXPENSES

B A 790. Salaries of General Officers and Executives.

A. This account shall include the compensation (salaries, bonuses and other consideration for services) of officers and executives of the utility, properly chargeable to electric operations and not chargeable directly to a particular electric function.

B. This account may be subdivided in accordance with the utility's administrative organization, such as executive, accounting, treasury, legal, etc.

NOTE.—This account shall not include directors' fees paid to officers and executives.

B A 791. Other General Office Salaries.

A. This account shall include the compensation (salaries, bonuses and other consideration for services) of employees engaged in the general or divisional offices properly chargeable to electric operations and not chargeable directly to a particular electric function.

B. This account may be subdivided in accordance with the utility's administrative organization, such as executive, accounting, treasury, legal, etc.

B 792. Expenses of General Officers and General Office Employees.

A 792-1. Expenses of General Officers.

A. This account shall include the expenses incurred for the benefit of the utility in its electric operations by officers whose salaries are included in account 790 and which are not chargeable directly to a particular electric function.

B. This account may be subdivided in accordance with the utility's administrative organization such as executive, accounting, treasury, legal, etc.

ITEMS

Hotel.
Meals, including payment therefor on account of overtime work.
Membership fees and dues in trade, technical and professional associations.
Traveling expenses.

A 792-2. Expenses of General Office Employees.

A. This account shall include the expenses incurred for the benefit of the utility in its electric operations by employees whose salaries are included in account 791 and which are not chargeable directly to a particular electric function.

B. This account may be subdivided in accordance with the utility's administrative organization such as executive, accounting, treasury, legal, etc.

ITEMS

Hotel.
Meals, including payment therefor on account of overtime work.
Membership fees and dues in trade, technical and professional associations.
Traveling expenses.

B A 793. General Office Supplies and Expenses.

A. This account shall include the cost of office supplies and office expense in connection with the general administrative functions of the utility's electric operations.

B. This account may be subdivided in accordance with the utility's administrative organization such as executive, accounting, treasury, legal, etc.

ITEMS

Automobile service, including charges through clearing account 903, Transportation Expenses—Clearing.
Books and periodicals for office use.
Building service (not including rent).
Communication service.
Office supplies.
Postage.
Printing.
Stationery.

NOTE.—Office expenses which are clearly applicable to any group of operating expenses other than administrative and general shall not be included in this account.

B A 794. Management and Supervision Fees and Expenses.

A. This account shall include amounts payable by the electric department to any corporation, firm, or individual, for general supervision and management services and expenses.

B. Records supporting this account shall be so kept as to show (1) the basis of each fee, (2) the amount of the fee, and (3) the person to whom the fee is paid or payable.

B A 795. Special Services.

This account shall include amounts payable to any corporation, firm or individual, other than officers and employees of the utility, for special services to the electric department if the amounts are not includible in account 794, Management and Supervision Fees and Expenses, or account 796, Legal Services, or are not chargeable directly to other electric operating expense accounts or clearing or plant accounts.

ITEMS

Services:

- Auditing and accounting.
- Budget.
- Personnel.
- Publication.
- Rates.
- Secretarial.
- Statistical.
- Supervisory.

Expenses:

- Hotel.
- Meals.
- Printing.
- Stationery.
- Traveling.

B A 796. Legal Services.

This account shall include amounts payable to any corporation, firm or individual, other than officers and employees of the utility, for legal services and related expenses of the electric department which are not chargeable directly to account 797, Regulatory Commission Expenses, or to other electric operating expense accounts or to clearing or plant accounts.

NOTE.—Pay and expenses of the legal staff of the utility shall not be included herein, but in such other accounts as may be appropriate.

BA 797. Regulatory Commission Expenses.

A. This account shall include all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in electric operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the accounting utility for pay and expenses of such commission, its officers, agents, and employees, and also including payments made to the United States for the administration of the Federal Power Act.

B. Amounts of regulatory commission expenses which by approval or direction of the Commission are to be spread over future periods shall be charged to account 146, Other Deferred Debits, and amortized by charges to this account.

C. The utility shall be prepared to report the cost of each formal case.

ITEMS

Salaries, fees, retainers, and expenses of counsel, solicitors, attorneys, accountants, engineers, clerks, attendants, witnesses, and others engaged in the prosecution of, or defense against petitions or complaints presented to regulatory bodies, or in the valuation of property owned or used by the utility in connection with such cases.

Expenses: Engineering supplies, office expenses, payments to public service or other regulatory commissions, stationery and printing, traveling expenses, and other expenses incurred directly in connection with formal cases before regulatory commissions.

NOTE A.—Exclude from this account and include in other appropriate operating expense accounts, expenses incurred in the improvement of service, additional inspection, or rendering reports, which are made necessary by the rules and regulations, or orders, of regulatory bodies.

NOTE B.—Do not include in this account amounts includible in account 302, Franchises and Consents, account 140, Unamortized Debt Discount and Expense, or account 151, Capital Stock Expense.

BA 798. Insurance.

This account shall include the cost of insurance to protect the utility against losses and damages to owned or leased property used in its electric operations, except as provided in Note C, hereunder. There shall be included in this account the premiums payable to insurance companies or amounts credited to account 255, Insurance

Reserve, for fire, storm, burglary, boiler explosion, lightning, and other insurance; and special costs incurred in procuring insurance, such as insurance inspection service, and the pay, traveling, and office expenses of officers, clerks, and other employees of an insurance department.

NOTE A.—Recoveries from insurance companies or others for property damages shall be credited to the account charged with the cost of the damage. If the damaged property has been retired, the credit shall be to account 250, Reserve for Depreciation of Utility Plant, or other appropriate reserve account.

NOTE B.—The utility shall keep its records so as to show the amount of coverage for each class of insurance carried, the property covered, the applicable premiums, and the distribution of the costs to specific operations or functions.

NOTE C.—The cost of insurance to protect the utility against losses and damages to the following classes of owned or leased property used in electric operations shall be charged as indicated:

Laboratory equipment, to account 904, Laboratory Expenses—Clearing.
Materials and supplies and stores equipment, to account 902, Stores Expenses—Clearing.
Transportation and garage equipment, to account 903, Transportation Expenses—Clearing.

NOTE D.—Exclude from this account insurance on officers and employees. (See account 800-1.)

B A 799. Injuries and Damages.

A. This account shall include losses not covered by insurance on account of injuries or deaths to employees or others, which occur in connection with electric operations, and payments and expenses on account of damages to the property of others or for non-performance of contractual obligations, whether the loss be occasioned by fire, flood, storm, or other cause. Amounts may be accrued monthly sufficient to meet the probable liability for such losses, concurrent credits being made to account 256, Injuries and Damages Reserve, in which case losses sustained shall be charged to the reserve.

B. This account shall also include:

Pay and expenses of officers and employees regularly engaged in or specifically assigned to work in connection with injuries to employees or others, damages to property of others, etc.

Payments to attorneys, investigators, and adjusters, court costs, etc.

Insurance premiums for protection against claims from injuries and damages, including public liability, property damages, boiler, casualty, employees' liability, etc., except as provided in Note C hereunder.

C. Reimbursements from insurance companies or others for expenses charged hereto on account of injuries and damages, and insurance dividends or refunds, shall be credited to this account.

NOTE A.—Payments to or in behalf of employees, including accident and death benefits, salaries, hospital expenses, medical supplies; also salaries, fees, and expenses of surgeons, doctors, nurses, etc., or amounts reserved for such payments; when provided for through a plan for employees' benefits, shall be charged to account 800, Employees' Welfare Expenses and Pensions.

NOTE B.—No part of the salaries of officers or employees of the law department shall be included in this account for merely incidental services in connection with injury and damage claims.

NOTE C.—Losses or insurance premiums paid in connection with transportation and garage equipment shall be charged to account 903, Transportation Expenses—Clearing.

NOTE D.—Exclude from this account insurance on officers and employees and the cost of injuries and damages chargeable directly to utility plant accounts, clearing accounts or to other appropriate accounts.

B 800. Employees' Welfare Expenses and Pensions.

A 800-1. Employees' Welfare Expenses.

This account shall include the expenses incurred in conducting employees' accident prevention, educational and recreational activities; the cost of employees' relief and benefits (other than pensions, and injuries and damages chargeable to account 799, Injuries and Damages) and the cost of life insurance for employees where the utility is not the beneficiary.

NOTE.—When the utility is the beneficiary of insurance on officers or employees, the cost of such insurance shall be charged to account 538, Miscellaneous Income Deductions, or, at the option of the utility, the cash surrender value may be included in account 133, Other Current and Accrued Assets, in which event the excess of cost of the insurance over such cash surrender value shall be charged to account 538, Miscellaneous Income Deductions.

A 800-2. Pensions.

A. This account shall include pensions paid to retired employees or to their heirs.

B. If the utility has definitely undertaken by contract to pay pensions to employees of its electric department when retired, it shall charge to this account monthly amounts to provide for the payment of such pensions or for the purchase of annuities for that purpose. The amounts so charged shall be credited concurrently to account 257, Employees' Provident Reserve.

C. The utility shall maintain a complete record of the computations of the accruals of its pension liabilities.

D. The utility shall inform the Commission of the details of its

pension plan, giving a full statement of the facts thereof, together with the actuarial formula, if any, under which it has created or proposes to create its pension fund, and shall furnish a copy of the declaration of trust or resolution under which the pension plan is established.

B A 801. Miscellaneous General Expenses.

This account shall include such items of expense applicable to the electric department as the cost of publishing and distributing annual reports to stockholders; advertising notice of stockholders' meetings, dividend and other corporate and financial notices of a general character; association dues; contributions for conventions and meetings of the industry; cost of research and experimental work conducted for the benefit of the electric department or the industry or for the improvement of electric service (except for such amounts as may be properly chargeable to other accounts); fees of transfer agents, registrars of stock and fiscal agents; directors' fees; and any other miscellaneous expenses connected with the general management and not otherwise provided for.

B 802. Maintenance of General Property.

A 802-1. Maintenance of Structures and Improvements.

This account shall include the cost of maintenance of general buildings, the book cost of which is included in account 371, Structures and Improvements.

A 802-2. Maintenance of Office Furniture and Equipment.

This account shall include the cost of maintenance of office furniture and equipment used by the administrative divisions of the electric department.

NOTE.—The cost of maintenance of office furniture and equipment used elsewhere than in the administrative departments shall be charged to the appropriate maintenance, construction or clearing account.

A 802-3. Maintenance of Communication Equipment.

This account shall include the cost of maintenance of communication equipment for general use in connection with the utility's operations, the book cost of which is included in account 378, Communication Equipment.

A 802-4. Maintenance of Miscellaneous Property.

This account shall include the cost of maintenance of miscellaneous property not provided for elsewhere, including miscellaneous general equipment, the book cost of which is included in account 379, Miscellaneous Equipment, and tools and work equipment included in Account 377, Tools and Work Equipment.

NOTE.—Maintenance of tools and work equipment may be charged to a clearing account and distributed to appropriate accounts based on the use of the equipment.

BA 803. Rents.

This account shall include rent properly includible in electric operating expense (see operating expense instruction 5) covering the property of others used, occupied or operated in connection with the general and administrative functions of the utility.

BA 804. Commissions Paid Under Agency Sales Contracts.

This account shall include the amount paid or payable by the utility to agents as commission for distributing electric energy over the agent's distribution lines and selling the same, and for all services performed in connection therewith.

NOTE A.—This account shall be used only when sales are made under rate schedules filed by the accounting utility and when the gross receipts therefrom are credited to it; otherwise the transactions shall be accounted for as sales of electricity.

NOTE B.—Records pertaining to each agency sales contract shall be so kept by the utility as to show full particulars as to amounts paid for each kind of service rendered thereunder.

BA 805. Franchise Requirements.

A. This account shall include payments to municipal or other governmental authorities, and the cost of materials, supplies and services, furnished such authorities without reimbursement in compliance with franchise, ordinance, or similar requirements, provided, however, that the utility may charge to this account at regular tariff rates, instead of cost, electricity furnished without charge under provisions of franchises.

B. When no direct outlay is involved, concurrent credit for such charges shall be to account 806, Duplicate Miscellaneous Charges—Cr.

C. This account shall be subdivided as follows:

805.1 Cash Outlays.

805-2 Electricity Supplied Without Charge—Dr.
805-3 Other Items Furnished Without Charge—Dr.

NOTE A.—Taxes shall not be charged to this account. (See account 507, Taxes.)

NOTE B.—The cost of plant, supplies, etc., given as an initial consideration for a franchise running for more than one year, shall be charged to account 302, Franchises and Consents.

B A 806. Duplicate Miscellaneous Charges—Cr.

A. This account shall include concurrent credits for charges which are made to account 805, Franchise Requirements, to the extent that such charges do not represent direct outlays. It shall also include concurrent credits for charges made to operating expense or other accounts of the electric department for electricity or steam for heating for which there is not direct money outlay. (See operating revenue instruction 5.)

B. This account shall be kept in such manner as to disclose the nature and amount of each item included herein.

B A 807. Administrative and General Expenses Transferred—Cr.

A. This account shall be credited with amounts recorded in administrative and general expenses which are properly includible in construction costs.

B. The records supporting this account shall be so kept as to show the bases of determining the amounts which are transferred to construction. (See also utility plant instruction 6.)

B A 808. Joint Expenses—Dr.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied or operated in connection with administrative and general functions of the utility. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

Charges from others.
Charges from coordinate departments.

BA 309. Joint Expenses—Cr.

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the electric department in connection with its administrative and general functions as is chargeable to others, or to a coordinate department. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

Charges to others.
Charges to coordinate departments.

CLEARING ACCOUNTS

901. Charges by Associated Companies—Clearing
902. Stores Expenses—Clearing
903. Transportation Expenses—Clearing
904. Laboratory Expenses—Clearing
905. Shop Expenses—Clearing

CLEARING ACCOUNTS

901. Charges by Associated Companies—Clearing.

A. This account shall include all charges made by associated companies against the utility for any purposes whatsoever, except interest, including charges for management, supervision, purchasing, construction, accounting, engineering, legal, financial, rent, advertising, materials and supplies, equipment and other property, commissions, taxes and other items.

B. This account shall be cleared by charging the appropriate accounts with the expenditures applicable thereto.

C. The records supporting this account shall be so kept as to show the nature of each charge together with the account or accounts to which each charge is cleared.

NOTE.—The mandatory use of this account may be suspended upon order of the Commission if equivalent information is readily obtainable from other records of the utility.

902. Stores Expenses—Clearing.

A. This account shall include the cost of supervision, labor and expenses incurred in the operation and maintenance of the electric general storerooms, including storage handling and distribution of materials and supplies.

B. Cash discounts shall be credited hereto when such discounts cannot be applied to the cost of particular materials.

C. This account shall be cleared by adding to the cost of materials and supplies a suitable loading charge which will distribute the expense equitably over stores issues.

ITEMS

Adjustments of inventories of materials and supplies.
Books, stationery, and office supplies.
Building service.
Collecting and handling scrap materials in stores.
Communication service.

Discount on materials when not assignable to specific items.
Freight, express, etc., when not assignable to specific items.
Heat, light and power for storerooms and stores offices.
Injuries and damages.
Inspecting and testing materials and supplies, when not assignable to specific items.
Insurance on materials and supplies and on stores equipment.
Losses due to breakage, leakage, evaporation, fire and other causes. Credit any amounts received from insurance, transportation companies or others in compensation of such losses.
Maintenance of stores equipment.
Pay and expenses of storekeepers, clerks, and others employed in storerooms or in store offices.
Postage, stationery and printing.
Rents.
Taxes, direct.
Transporting materials into storehouse, when not assignable to specific items.

NOTE A.—Large differences in the accounts disclosed by inventories, which can readily be assigned to important classes of materials, shall be equitably adjusted among the accounts to which such classes of materials have been charged since the previous inventory. Other differences shall be equitably apportioned among the accounts to which materials have been charged, or included in account 902, Stores Expenses—Clearing.

NOTE B.—Transportation charges on materials recovered from retirements of utility plant shall be charged to the account to which the cost of removal was charged.

903. Transportation Expenses—Clearing.

A. This account shall include the cost of supervision, labor and expenses incurred in the operation and maintenance of the electric general transportation equipment of the utility including direct taxes and depreciation on transportation equipment.

B. This account shall be cleared by apportionment to operating expense, utility plant or other accounts on a basis which will distribute the expenses equitably. Credits to this account shall be made in such detail as to permit ready analysis thereof.

ITEMS

Books and stationery.
Building service.
Communication service.
Depreciation of transportation equipment.
Feed and bedding for horses and mules.
Fuel and lubricants for vehicles (including sales and excise taxes thereon).
Freight, express, drayage, etc., on fuel, repair parts, etc.

Heat, light, and power for garage and garage office.
Injuries and damages.
Insurance on garage equipment, and transportation equipment, including public liability and property damage.
License fees for vehicles and drivers.
Office supplies, postage, etc.
Operation of garages and stables.
Pay and expenses of drivers, mechanics, etc.
Rent of garage buildings and grounds.
Maintenance of transportation and garage equipment.
Rent of vehicles and other rents.
Taxes, direct.
Tires, tubes and chains.

904. Laboratory Expenses—Clearing.

A. This account shall include the cost of supervision, pay of chemists, engineers, assistants and other employees and expenses of such employees, engaged in the operation and maintenance of electric general laboratories.

B. If a laboratory is maintained at a generating station in connection with the operation of the station, the costs incident to its operation and maintenance shall be charged to the appropriate generating expense account.

C. This account shall be cleared by apportioning on an equitable basis the total of the expenses to operating expenses, utility plant and other accounts benefited. Credits to this account shall be made in such details as to permit ready analysis thereof.

ITEMS

Books and stationery.
Building service.
Charts.
Chemists and their assistants, pay and expenses of.
Communication service.
Heat, light and power.
Injuries and damages.
Maintenance of equipment.
Periodicals.
Rents.
Taxes, direct.
Testing supplies.

NOTE.—The mandatory use of this account may be suspended upon order of the Commission if equivalent information is readily obtainable from other records of the utility.

905. Shop Expenses—Clearing.

A. This account shall include the cost of supervision, labor and expenses incurred in the operation and maintenance of electric general shops of the utility.

B. This account shall be cleared by apportionment to operating expenses, utility plant or other accounts benefited on a basis which will distribute the expenses equitably. Credits to this account shall be made in such detail as to permit ready analysis.

ITEMS

Books and stationery.
Building service.
Collecting and handling scrap materials.
Communication service.
Heat, light and power.
Injuries and damages.
Repairs to shop equipment.
Rents.
Pay and expenses of superintendents, machinists and other employees in shops.
Taxes, direct.

APPENDIX A

System of Accounts for Class C and D Electric Utilities

1. Applicability of System of Accounts.

This condensed system of accounts is applicable only to Class C and Class D electric utilities, as herein defined. The accounts required of Class A and Class B electric utilities, as prescribed under the Uniform System of Accounts for Electric Utilities, are shown herein in comparative form in order to designate and identify the accounts required of Class C and Class D electric utilities with such Uniform System. The Uniform System of Accounts for Electric Utilities is applicable in principle to all classes of such utilities. Many of the accounts that are required to be kept by Class A and Class B electric utilities under such Uniform System have been grouped or combined herein, in order that the accounting requirements for the smaller Class C and Class D utilities may conform more nearly to the nature and volume of business transacted. The definitions and general instructions (except general instruction (1) Classification of Utilities), balance sheet account instructions, utility plant account instructions, earned surplus account instructions, income account instructions, revenue account instructions, and operating expense account instructions contained in the Uniform System of Accounts shall apply in principle to Class C and Class D electric utilities. References in said definitions and instructions to accounts which have been combined with others herein shall apply in principle to the combined account. The texts and lists of items appearing under the accounts prescribed for Class A and Class B utilities contained in the Uniform System of Accounts shall apply in detail to the accounts, prescribed herein, for Class C and Class D utilities. The text and list of items, applicable to an account required herein that represents a grouping or combination of several accounts shown in the Uniform System of Accounts, may be determined through refer-

ence to the text and list of items under each of the detailed accounts comprising such combined account.

2. Classification of Utilities.

A. For the purpose of applying the condensed system of Accounts prescribed herein, utilities are divided into two classes, as follows:

Class C. Utilities having annual electric operating revenues of more than $100,000 but not more than $250,000.

Class D. Utilities having annual electric operating revenues of more than $25,000 but not more than $100,000.

B. Each Class C utility shall keep all of the accounts, listed and prescribed herein, that embrace as a part of title the four digit numbers beginning with the figure 1, (For example, account 1100, Utility Plant).

Each Class D utility shall keep all of the accounts, listed and prescribed herein, that embrace as a part of title the four digit numbers beginning with the figure 2, (For example, account 2100, Utility Plant).

Any Class C or Class D utility may at its option keep the accounts prescribed for the Class A or Class B utilities, and any Class D utility may keep the accounts prescribed for Class C utilities.

LIST OF ACCOUNTS REQUIRED OF ELECTRIC UTILITIES, BY CLASSES, AS DETERMINED UNDER THE UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR SUCH UTILITIES,

EFFECTIVE ON_____

BALANCE SHEET ACCOUNTS

D Nos.	C Nos.	Accounts for Class C and Class D Utilities	A & B Nos.	Accounts for Class A and Class B Utilities
		ASSETS AND OTHER DEBITS		**ASSETS AND OTHER DEBITS**
		I. UTILITY PLANT		**I. UTILITY PLANT**
2100	1100	Utility Plant.	100	Utility Plant.
2100-1	1100-1	Utility Plant in Service, Leased to Others, and Held for Future Use.	100-1	Utility Plant in Service.
			100-2	Utility Plant Leased to Others.
			100-4	Utility Plant Held For Future Use.
2100-3	1100-3	Construction Work in Progress.	100-3	Construction Work in Progress.
2100-5	1100-5	Utility Plant Acquisition Adjustments.	100-5	Utility Plant Acquisition Adjustments.
2100-6	1100-6	Utility Plant in Process of Reclassification.	100-6	Utility Plant in Process of Reclassification.
2107	1107	Utility Plant Adjustments.	107	Utility Plant Adjustments.
		II. INVESTMENT AND FUND ACCOUNTS		**II. INVESTMENT AND FUND ACCOUNTS**
2110	1110	Other Physical Property.	110	Other Physical Property.
			111	Investments in Associated Companies.
			111-1	Investments in Securities of Associated Companies.
			111-2	Advances to Associated Companies.
			112	Other Investments.
			113	Sinking Funds.
2114	1114	Miscellaneous Investments and Special Funds.	114	Miscellaneous Special Funds.
			114-1	Depreciation Fund.
			114-2	Amortization Fund—Federal.
			114-3	Miscellaneous Special Funds.

D Nos.	C Nos.	Accounts for Class C and Class D Utilities	A & B Nos.	Accounts for Class A and Class B Utilities
		III. CURRENT AND ACCRUED ASSETS		**III. CURRENT AND ACCRUED ASSETS**
2120	1120	Cash and Working Funds.	120	Cash.
			121	Special Deposits.
				121-1 Interest Special Deposits.
				121-2 Dividend Special Deposits.
				121-3 Miscellaneous Special Deposits.
			122	Working Funds.
2123	1123	Temporary Cash Investments.	123	Temporary Cash Investments.
2124	1124	Notes and Accounts Receivable	124	Notes Receivable.
			125	Accounts Receivable.
				125-1 Accounts Receivable—Customers.
				125-2 Other Accounts Receivable.
2126	1126	Receivables from Associated Companies.	126	Receivables from Associated Companies.
				126-1 Notes Receivable from Associated Companies.
				126-2 Accounts Receivable from Associated Companies.
2131	1131	Materials and Supplies.	131	Materials and Supplies.
				131-1 Materials and Supplies—Utility.
				131-2 Materials and Supplies—Other.
2132	1132	Prepayments.	132	Prepayments.
			127	Subscriptions to Capital Stock.
			128	Interest and Dividends Receivable.
2133	1133	Miscellaneous Current and Accrued Assets.	129	Rents Receivable.
			130	Accrued Utility Revenues.
			133	Other Current and Accrued Assets.
		IV. DEFERRED DEBITS		**IV. DEFERRED DEBITS**
2140	1140	Unamortized Debt Discount and Expense.	140	Unamortized Debt Discount and Expense.
2141	1141	Extraordinary Property Losses.	141	Extraordinary Property Losses.

D Nos.	C Nos.	Accounts for Class C and Class D Utilities	A & B Nos.	Accounts for Class A and Class B Utilities
2146	1146	Miscellaneous Deferred Debits.	142	Preliminary Survey and Investigation Charges.
			143	Clearing Accounts.
			144	Retirement Work in Progress.
			145	Other Work in Progress.
			146	Other Deferred Debits.
		V. CAPITAL STOCK DISCOUNT AND EXPENSE		**V. CAPITAL STOCK DISCOUNT AND EXPENSE**
2150	1150	Discount on Capital Stock.	150	Discount on Capital Stock.
2151	1151	Capital Stock Expense.	151	Capital Stock Expense.
		VI. REACQUIRED SECURITIES		**VI. REACQUIRED SECURITIES**
2152	1152	Reacquired Securities.	152	Reacquired Capital Stock.
			153	Reacquired Long-Term Debt.
		LIABILITIES AND OTHER CREDITS		**LIABILITIES AND OTHER CREDITS**
		VII. CAPITAL STOCK		**VII. CAPITAL STOCK**
2200	1200	Common Capital Stock.	200	Common Capital Stock.
2201	1201	Preferred Capital Stock.	201	Preferred Capital Stock.
2202	1202	Stock Liability for Conversion.	202	Stock Liability for Conversion.
2203	1203	Premiums and Assessments on Capital Stock.	203	Premiums and Assessments on Capital Stock.
2204	1204	Capital Stock Subscribed.	204	Capital Stock Subscribed.
2205	1205	Installments Received on Capital Stock.	205	Installments Received on Capital Stock.
		VIII. LONG-TERM DEBT		**VIII. LONG-TERM DEBT**
2210	1210	Bonds.	210	Bonds.
2211	1211	Receivers' Certificates.	211	Receivers' Certificates.

2212	1212	Advances from Associated Companies.
2213	1213	Miscellaneous Long-Term Debt.

IX. CURRENT AND ACCRUED LIABILITIES

2220	1220	Notes and Accounts Payable.
2221	1221	Notes Receivable Discounted.
2223	1223	Payables to Associated Companies.
2224	1224	Dividends Declared.
2225	1225	Matured Long-Term Debt.
2226	1226	Matured Interest.
2227	1227	Customers' Deposits.
2228	1228	Taxes Accrued.
2229	1229	Interest Accrued.
2230	1230	Other Current and Accrued Liabilities.

X. DEFERRED CREDITS

2240	1240	Unamortized Premium on Debt.
2241	1241	Customers' Advances for Construction.
2242	1242	Other Deferred Credits.

212 Advances from Associated Companies.
212-1 Advances on Notes.
212-2 Advances on Open Accounts.
213 Miscellaneous Long-Term Debt.

IX. CURRENT AND ACCRUED LIABILITIES

220 Notes Payable.
222 Accounts Payable.
221 Notes Receivable Discounted.
223 Payables to Associated Companies.
223-1 Notes Payable to Associated Companies.
223-2 Accounts Payable to Associated Companies.
224 Dividends Declared.
225 Matured Long-Term Debt.
226 Matured Interest.
227 Customers' Deposits.
228 Taxes Accrued.
229 Interest Accrued.
229-1 Interest Accrued on Long-Term Debt.
229-2 Interest Accrued on Other Liabilities.
230 Other Current and Accrued Liabilities.

X. DEFERRED CREDITS.

240 Unamortized Premium on Debt.
241 Customers' Advances for Construction.
242 Other Deferred Credits.

D Nos.	C Nos.	Accounts for Class C and Class D Utilities	A & B Nos.	Accounts for Class A and Class B Utilities
		XI. RESERVES		**XI. RESERVES**
2250	1250	Reserve for Depreciation of Utility Plant.	250	Reserve for Depreciation of Utility Plant.
			250–1	Reserve for Depreciation of Utility Plant in Service.
			250–2	Reserve for Depreciation of Utility Plant Leased to Others.
			250–3	Reserve for Depreciation of Utility Plant Held for Future Use.
2251	1251	Reserve for Amortization of Limited-Term Utility Investments.	251	Reserve for Amortization of Limited-Term Utility Investments.
			251–1	Reserve for Amortization of Limited-Term Utility Investments—Utility Plant in Service.
			251–2	Reserve for Amortization of Limited-Term Utility Investments—Utility Plant Leased to Others.
			251–3	Reserve for Amortization of Limited-Term Utility Investments—Utility Plant Held for Future Use.
2252	1252	Reserve for Amortization of Utility Plant Acquisition Adjustments.	252	Reserve for Amortization of Utility Plant Acquisition Adjustments.
2253	1253	Reserve for Depreciation and Amortization of Other Property.	253	Reserve for Depreciation and Amortization of Other Property.
2254	1254	Reserve for Uncollectible Accounts.	254	Reserve for Uncollectible Accounts.
			254–1	Utility Customers.
			254–2	Merchandising, Jobbing and Contract Work.
			254–3	Associated Companies.
			254–4	Officers and Employees.
			254–5	Other.
			255	Insurance Reserve.
			256	Injuries and Damages Reserve.
			257	Employees' Provident Reserve.
2258	1258	Miscellaneous Reserves.	258	Other Reserves.
			258–1	Amortization Reserve—Federal.
			258–2	Miscellaneous Reserves.

D Nos.	C Nos.	Accounts for Class C and Class D Utilities	A & B Nos.	Accounts for Class A and Class B Utilities
		XII. CONTRIBUTIONS IN AID OF CONSTRUCTION		**XII. CONTRIBUTIONS IN AID OF CONSTRUCTION**
2265	1265	Contributions in Aid of Construction.	265	Contributions in Aid of Construction.
		XIII. SURPLUS		**XIII. SURPLUS**
2270	1270	Capital Surplus.	270	Capital Surplus.
2271	1271	Earned Surplus.	271	Earned Surplus.

Accounts for Class D Utilities	Accounts for Class C Utilities	Accounts for Class A and Class B Utilities
I. INTANGIBLE PLANT	**I. INTANGIBLE PLANT**	**I. INTANGIBLE PLANT**
2301 Intangible Plant.	1301 Organization. 1302 Franchises and Consents. 1303 Miscellaneous Intangible Plant.	301 Organization. 302 Franchises and Consents. 303 Miscellaneous Intangible Plant.
II. PRODUCTION PLANT	**II. PRODUCTION PLANT**	**II. PRODUCTION PLANT**
(A) STEAM PRODUCTION	**(A) STEAM PRODUCTION**	**(A) STEAM PRODUCTION**
2310 Land and Land Rights.	1310 Land and Land Rights.	310 Land and Land Rights.
2311 Structures and Improvements.	1311 Structures and Improvements.	311 Structures and Improvements.
2312 Steam Production Plant Equipment.	1312 Boiler Plant Equipment. 1313 Engines and Generators. 1315 Other Power Plant Equipment.	312 Boiler Plant Equipment. 313 Engines and Engine Driven Generators. 314 Turbo-Generator Units. 315 Accessory Electric Equipment. 316 Miscellaneous Power Plant Equipment.
(B) HYDRAULIC PRODUCTION	**(B) HYDRAULIC PRODUCTION**	**(B) HYDRAULIC PRODUCTION**
2320 Land and Land Rights.	1320 Land and Land Rights.	320 Land and Land Rights.
2321 Structures and Improvements.	1321 Structures and Improvements.	321 Structures and Improvements.
2322 Reservoirs, Dams, and Waterways.	1322 Reservoirs, Dams, and Waterways.	322 Reservoirs, Dams, and Waterways.
2323 Hydraulic Production Plant Equipment.	1323 Water Wheels, Turbines, and Generators. 1324 Other Power Plant Equipment.	323 Water Wheels, Turbines, and Generators. 324 Accessory Electric Equipment. 325 Miscellaneous Power Plant Equipment.
2326 Roads, Railroads, and Bridges.	1326 Roads, Railroads, and Bridges.	326 Roads, Railroads, and Bridges.

ACCOUNTS FOR CLASS D UTILITIES	ACCOUNTS FOR CLASS C UTILITIES	ACCOUNTS FOR CLASS A AND CLASS B UTILITIES
(C) INTERNAL COMBUSTION ENGINE PRODUCTION	(C) INTERNAL COMBUSTION ENGINE PRODUCTION	(C) INTERNAL COMBUSTION ENGINE PRODUCTION
2330 Land and Land Rights.	1330 Land and Land Rights.	330 Land and Land Rights.
2331 Structures and Improvements.	1331 Structures and Improvements.	331 Structures and Improvements.
	1332 Fuel Holders, Producers, and Accessories.	332 Fuel Holders, Producers, and Accessories.
2332 Internal Combustion Production Plant Equipment.	1333 Engines and Generators.	333 Internal Combustion Engines. 334 Generators.
	1335 Other Power Plant Equipment.	335 Accessory Electric Equipment. 336 Miscellaneous Power Plant Equipment.
III. TRANSMISSION PLANT	III. TRANSMISSION PLANT	III. TRANSMISSION PLANT
2340 Land and Land Rights.	1340 Land and Land Rights.	340 Land and Land Rights.
2341 Clearing Land and Rights of Way.	1341 Clearing Land and Rights of Way.	341 Clearing Land and Rights of Way.
2342 Structures and Improvements.	1342 Structures and Improvements.	342 Structures and Improvements.
2343 Station Equipment.	1343 Station Equipment.	343 Station Equipment.
	1344 Poles, Towers, and Fixtures.	344 Towers and Fixtures. 345 Poles and Fixtures.
2344 Overhead Lines.	1346 Overhead Conductors and Devices.	346 Overhead Conductors and Devices.
	1347 Underground Conduit.	347 Underground Conduit.
2347 Underground Lines.	1348 Underground Conductors and Devices.	348 Underground Conductors and Devices.
2349 Roads and Trails.	1349 Roads and Trails.	349 Roads and Trails.
IV. DISTRIBUTION PLANT	IV. DISTRIBUTION PLANT	IV. DISTRIBUTION PLANT
2350 Land and Land Rights.	1350 Land and Land Rights.	350 Land and Land Rights.
2351 Structures and Improvements.	1351 Structures and Improvements.	351 Structures and Improvements.

Accounts for Class D Utilities		Accounts for Class C Utilities		Accounts for Class A and Class B Utilities	
2352	Station and Storage Battery Equipment.	1352	Station and Storage Battery Equipment.	352	Station Equipment.
				353	Storage Battery Equipment.
2354	Overhead Lines.	1354	Poles, Towers, and Fixtures.	354	Poles, Towers, and Fixtures.
		1355	Overhead Conductors and Devices.	355	Overhead Conductors and Devices.
2356	Underground Lines.	1356	Underground Conduit.	356	Underground Conduit.
		1357	Underground Conductors and Devices.	357	Underground Conductors and Devices.
2358	Line Transformers.	1358	Line Transformers.	358	Line Transformers.
2359	Services.	1359	Services.	359	Services.
2360	Meters.	1360	Meters.	360	Meters.
2361	Installations on Customers' Premises.	1361	Installations on Customers' Premises.	361	Installations on Customers' Premises.
2362	Leased Property on Customers' Premises.	1362	Leased Property on Customers' Premises.	362	Leased Property on Customers' Premises.
2363	Street Lighting and Signal Systems.	1363	Street Lighting and Signal Systems.	363	Street Lighting and Signal Systems.
	V. GENERAL PLANT		**V. GENERAL PLANT**		**V. GENERAL PLANT**
2370	Land and Land Rights.	1370	Land and Land Rights.	370	Land and Land Rights.
2371	Structures and Improvements.	1371	Structures and Improvements.	371	Structures and Improvements.
2372	Office Furniture and Equipment.	1372	Office Furniture and Equipment.	372	Office Furniture and Equipment.
		1373	Transportation Equipment.	373	Transportation Equipment.
		1374	Stores Equipment.	374	Stores Equipment.
		1375	Shop Equipment.	375	Shop Equipment.
2373	General Plant Equipment.	1376	Laboratory Equipment.	376	Laboratory Equipment.
		1377	Tools and Work Equipment.	377	Tools and Work Equipment.
		1378	Communication Equipment.	378	Communication Equipment.
		1379	Miscellaneous Equipment.	379	Miscellaneous Equipment.
2390	Other Tangible Property.	1390	Other Tangible Property.	390	Other Tangible Property.
2391	Utility Plant Purchased.	1391	Utility Plant Purchased.	391	Utility Plant Purchased.
2392	Utility Plant Sold.	1392	Utility Plant Sold.	392	Utility Plant Sold.

D Nos.	C Nos.	A & B Nos.	ACCOUNTS FOR ALL UTILITIES
			CREDITS
2271	1271	271	Earned Surplus (at beginning of period).
2400	1400	400	Credit Balance Transferred from Income Account.
2401	1401	401	Miscellaneous Credits to Surplus.
			Total Credits.
			DEBITS
2410	1410	410	Debit Balance Transferred from Income Account.
2411	1411	411	Dividend Appropriations—Preferred Stock.
2412	1412	412	Dividend Appropriations—Common Stock.
2413	1413	413	Miscellaneous Reservations of Surplus.
2414	1414	414	Miscellaneous Debits to Surplus.
			Total Debits.
2271	1271	271	Earned Surplus (at end of period).

D Nos.	C Nos.	Accounts for Class C and Class D Utilities	A & B Nos.	Accounts for Class A and Class B Utilities
		I. UTILITY OPERATING INCOME		**I. UTILITY OPERATING INCOME**
2501	1501	Operating Revenues.	501	Operating Revenues.
		Operating Revenue Deductions:		Operating Revenue Deductions:
2502	1502	Operating Expenses.	502	Operating Expenses.
2503	1503	Depreciation.	503	Depreciation.
2504	1504	Amortization of Limited-Term Utility Investments.	504	Amortization of Limited-Term Utility Investments.
2505	1505	Amortization of Utility Plant Acquisition Adjustments.	505	Amortization of Utility Plant Acquisition Adjustments.
2506	1506	Property Losses Chargeable to Operations.	506	Property Losses Chargeable to Operations.
2507	1507	Taxes.	507	Taxes.
		Total Operating Revenue Deductions.		Total Operating Revenue Deductions.
		Net Operating Revenues.		Net Operating Revenues.
2508	1508	Income from Utility Plant Leased to Others.	508	Income from Utility Plant Leased to Others.
2508–1	1508–1	Revenues from Plant Leased to Others.	508–1	Revenues from Plant Leased to Others.
2508–2	1508–2	Expenses of Plant Leased to Others.	508–2	Expenses of Plant Leased to Others.
		Income from Utility Plant Leased to Others.		Income from Utility Plant Leased to Others.
2509	1509	Rent for Lease of Utility Plant—Dr.	509	Rent for Lease of Utility Plant—Dr.
		Utility Operating Income.		Utility Operating Income.
		II. OTHER INCOME		**II. OTHER INCOME**
2520	1520	Income from Merchandising, Jobbing, and Contract Work.	520	Income from Merchandising, Jobbing, and Contract Work.
2520–1	1520–1	Revenues from Merchandising, Jobbing, and Contract Work.	520–1	Revenues from Merchandising, Jobbing and Contract Work.
			520–2	Costs and Expenses of Merchandising, Jobbing and Contract Work.
		Income from Merchandising, Jobbing and Contract Work.		Income from Merchandising, Jobbing and Contract Work.

D Nos.	C Nos.	Accounts for Class C and Class D Utilities	A & B Nos.	Accounts for Class A and Class B Utilities
2521	1521	Income from Non-Utility Operations.	521	Income from Non-Utility Operations.
2522	1522	Revenues from Lease of Other Physical Property.	522	Revenues from Lease of Other Physical Property.
2523	1523	Dividend Revenues.	523	Dividend Revenues.
2524	1524	Interest Revenues.	524	Interest Revenues.
			524–1	Interest on Securities Owned.
			524–2	Other Interest Revenues.
2525	1525	Revenues from Sinking and Other Funds.	525	Revenues from Sinking and Other Funds.
2526	1526	Miscellaneous Non-Operating Revenues.	526	Miscellaneous Non-Operating Revenues.
2527	1527	Non-Operating Revenue Deductions.	527	Non-Operating Revenue Deductions.
		Total Other Income.		Total Other Income.
		Gross Income.		Gross Income.
		III. INCOME DEDUCTIONS		**III. INCOME DEDUCTIONS**
2530	1530	Interest on Long-Term Debt.	530	Interest on Long-Term Debt.
2531	1531	Amortization of Debt Discount and Expense.	531	Amortization of Debt Discount and Expense.
2532	1532	Amortization of Premium on Debt.—Cr.	532	Amortization of Premium on Debt—Cr.
2533	1533	Taxes Assumed on Interest.	533	Taxes Assumed on Interest.
2534	1534	Interest on Debt to Associated Companies.	534	Interest on Debt to Associated Companies.
			534–1	Interest on Advances from Associated Companies.
			534–2	Interest on Other Debt to Associated Companies.
2535	1535	Other Interest Charges.	535	Other Interest Charges.
2536	1536	Interest Charged to Construction—Cr.	536	Interest Charged to Construction—Cr.
2537	1537	Miscellaneous Amortization.	537	Miscellaneous Amortization.
2538	1538	Miscellaneous Income Deductions.	538	Miscellaneous Income Deductions.
		Total Income Deductions.		Total Income Deductions.
		Net Income.		Net Income.
		IV. DISPOSITION OF NET INCOME		**IV. DISPOSITION OF NET INCOME**
2540	1540	Miscellaneous Reservations of Net Income.	540	Miscellaneous Reservations of Net Income.
		Balance Transferred to Earned Surplus.		Balance Transferred to Earned Surplus.

OPERATING REVENUE ACCOUNTS

D Nos.	C Nos.	A & B Nos.	Accounts for All Utilities
			I. SALES OF ELECTRIC ENERGY
2600	1600	600	Residential or Domestic Sales.
2601	1601	601	Rural Sales.
2602	1602	602	Commercial and Industrial Sales.
2603	1603	603	Public Street and Highway Lighting.
2604	1604	604	Other Sales to Public Authorities.
2605	1605	605	Sales to Other Electric Utilities.
2606	1606	606	Sales to Railroads and Railways.
2607	1607	607	Interdepartmental Sales.
2608	1608	608	Other Sales.
			II. OTHER ELECTRIC REVENUES
2610	1610	610	Rent from Electric Property.
2611	1611	611	Interdepartmental Rents.
2612	1612	612	Customers' Forfeited Discounts and Penalties.
2613	1613	613	Sales of Water and Water Power.
2614	1614	614	Servicing of Customers' Installations.
2615	1615	615	Miscellaneous Electric Revenues.

Accounts for Class D Utilities	Accounts for Class C Utilities	Accounts for Class B Utilities	Accounts for Class A Utilities
I. PRODUCTION EXPENSES	**I. PRODUCTION EXPENSES**	**I. PRODUCTION EXPENSES**	**I. PRODUCTION EXPENSES**
A. ELECTRIC GENERATION—STEAM POWER	**A. ELECTRIC GENERATION—STEAM POWER**	**A. ELECTRIC GENERATION—STEAM POWER**	**A. ELECTRIC GENERATION—STEAM POWER**
Operation	Operation	Operation	Operation
	1701 Operation Supervision and Engineering.	701 Operation Supervision and Engineering.	701 Operation Supervision and Engineering.
2701 Operation Supervision and Labor.			
	1702 Station Labor.	702 Station Labor.	702-1 Boiler Labor. 702-2 Prime Mover and Generator Labor. 702-3 Electric Labor. 702-4 Miscellaneous Station Labor.
2703 Fuel.	1703 Fuel.	703 Fuel.	703 Fuel.
2704 Water.	1704 Water.	704 Water.	704 Water.
2705 Supplies and Expenses.	1705 Supplies and Expenses.	705 Supplies and Expenses.	705-1 Lubricants. 705-2 Station Supplies. 705-3 Station Expenses.
Maintenance	Maintenance	Maintenance	Maintenance
	1706 Maintenance Supervision and Engineering.	706 Maintenance Supervision and Engineering.	706 Maintenance Supervision and Engineering.
	1707 Maintenance of Structures and Improvements.	707 Maintenance of Structures and Improvements.	707 Maintenance of Structures and Improvements.

(Continued on following page)

Accounts for Class D Utilities	Accounts for Class C Utilities	Accounts for Class B Utilities	Accounts for Class A Utilities
2706 Maintenance of Steam Production Plant.	1708 Maintenance of Boiler Plant Equipment.	708 Maintenance of Boiler Plant Equipment.	708-1 Maintenance of Coal Storage, Handling and Weighing Equipment. 708-2 Maintenance of Furnaces and Boiler. 708-3 Maintenance of Boiler Apparatus. 708-4 Maintenance of Steam Piping and Accessories.
	1709 Maintenance of Generating and Electric Equipment.	709 Maintenance of Generating and Electric Equipment.	709-1 Maintenance of Prime Movers and Generators 709-2 Maintenance of Accessory Electric Equipment. 709-3 Maintenance of Miscellaneous Power Plant Equipment.
Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
2710 Rents.	1710 Rents.	710 Rents.	710 Rents.
2711 Steam from Other Sources.	1711 Steam from Other Sources.	711 Steam from Other Sources.	711 Steam from Other Sources.
2712 Steam Transferred—Credit.	1712 Steam Transferred—Credit.	712 Steam Transferred—Credit.	712 Steam Transferred—Credit.
2713 Joint Expenses—Debit.	1713 Joint Expenses—Debit.	713 Joint Expenses—Debit.	713 Joint Expenses—Debit.
2714 Joint Expenses—Credit.	1714 Joint Expenses—Credit.	714 Joint Expenses—Credit.	714 Joint Expenses—Credit.
B. ELECTRIC GENERATION—HYDRAULIC POWER	B. ELECTRIC GENERATION—HYDRAULIC POWER	B. ELECTRIC GENERATION—HYDRAULIC POWER	B. ELECTRIC GENERATION—HYDRAULIC POWER
Operation	Operation	Operation	Operation
	1715 Operation Supervision and Engineering.	715 Operation Supervision and Engineering.	715 Operation Supervision and Engineering.

2715 Operation Supervision and Labor.	1716 Station Labor.	716 Station Labor.	716–1 Hydraulic Labor. 716–2 Prime Mover and Generator Labor. 716–3 Electric Labor. 716–4 Miscellaneous Station Labor.
2717 Water for Power.	1717 Water for Power.	717 Water for Power.	717 Water for Power.
2718 Supplies and Expenses.	1718 Supplies and Expenses.	718 Supplies and Expenses.	718–1 Lubricants. 718–2 Station Supplies. 718–3 Station Expenses.
Maintenance	Maintenance	Maintenance	Maintenance
2719 Maintenance of Hydraulic Production Plant.	1719 Maintenance Supervision and Engineering.	719 Maintenance Supervision and Engineering.	719 Maintenance Supervision and Engineering.
	1720 Maintenance of Structures and Improvements.	720 Maintenance of Structures and Improvements.	720 Maintenance of Structures and Improvements.
	1721 Maintenance of Reservoirs, Dams and Waterways.	721 Maintenance of Reservoirs, Dams and Waterways.	721 Maintenance of Reservoirs, Dams and Waterways.
	1722 Maintenance of Generating and Electric Equipment.	722 Maintenance of Generating and Electric Equipment.	722–1 Maintenance of Prime Movers and Generators. 722–2 Maintenance of Accessory Electric Equipment. 722–3 Maintenance of Miscellaneous Power Plant Equipment.
	1723 Maintenance of Roads, Railroads and Bridges.	723 Maintenance of Roads, Railroads and Bridges.	723 Maintenance of Roads, Railroads and Bridges.
Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
2724 Rents.	1724 Rents.	724 Rents.	724 Rents.
2725 Joint Expenses—Debit.	1725 Joint Expenses—Debit.	725 Joint Expenses—Debit.	725 Joint Expenses—Debit.
2726 Joint Expenses—Credit.	1726 Joint Expenses—Credit.	726 Joint Expenses—Credit.	726 Joint Expenses—Credit.

Accounts for Class D Utilities	Accounts for Class C Utilities	Accounts for Class B Utilities	Accounts for Class A Utilities
C. ELECTRIC GENERATION—INTERNAL COMBUSTION ENGINE POWER	**C. ELECTRIC GENERATION—INTERNAL COMBUSTION ENGINE POWER**	**C. ELECTRIC GENERATION—INTERNAL COMBUSTION ENGINE POWER**	**C. ELECTRIC GENERATION—INTERNAL COMBUSTION ENGINE POWER**
	Operation	Operation	Operation
	1727 Operation Supervision and Engineering.	727 Operation Supervision and Engineering.	727 Operation Supervision and Engineering.
	1728 Station Labor.	728 Station Labor.	728–1 Engine Labor. 728–2 Electric Labor. 728–3 Miscellaneous Station Labor.
2729 Engine Fuel.	1729 Engine Fuel.	729 Engine Fuel.	729 Engine Fuel.
2730 Supplies and Expenses.	1730 Supplies and Expenses.	730 Supplies and Expenses.	730–1 Water. 730–2 Lubricants. 730–3 Station Supplies. 730–4 Station Expenses.
Maintenance	Maintenance	Maintenance	Maintenance
	1731 Maintenance Supervision and Engineering.	731 Maintenance Supervision and Engineering.	731 Maintenance Supervision and Engineering.
	1732 Maintenance of Structures and Improvements.	732 Maintenance of Structures and Improvements.	732 Maintenance of Structures and Improvements.
	1733 Maintenance of Fuel Holders, Producers, and Accessories.	733 Maintenance of Fuel Holders, Producers, and Accessories.	733 Maintenance of Fuel Holders, Producers, and Accessories.
2731 Maintenance of Internal Combustion Production Plant.	1734 Maintenance of Generating and Electric Equipment.	734 Maintenance of Generating and Electric Equipment.	734–1 Maintenance of Engines. 734–2 Maintenance of Generators. 734–3 Maintenance of Accessory Electric Equipment. 734–4 Maintenance of Miscellaneous Power Plant Equip-

ACCOUNTS FOR CLASS D UTILITIES	ACCOUNTS FOR CLASS C UTILITIES	ACCOUNTS FOR CLASS B UTILITIES	ACCOUNTS FOR CLASS A UTILITIES
Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
2735 Rents.	1735 Rents.	735 Rents.	735 Rents.
2736 Joint Expenses—Debit.	1736 Joint Expenses—Debit.	736 Joint Expenses—Debit.	736 Joint Expenses—Debit.
2737 Joint Expenses—Credit.	1737 Joint Expenses—Credit.	737 Joint Expenses—Credit.	737 Joint Expenses—Credit.
D. OTHER PRODUCTION EXPENSES AND CREDITS	**D. OTHER PRODUCTION EXPENSES AND CREDITS**	**D. OTHER PRODUCTION EXPENSES AND CREDITS**	**D. OTHER PRODUCTION EXPENSES AND CREDITS**
2738 Purchased Power.	1738 Purchased Power.	738 Purchased Power.	738 Purchased Power.
2739 Interchange Power.	1739 Interchange Power.	739 Interchange Power.	739 Interchange Power.
2740 Other Expenses.	1740 Other Expenses.	740 Other Expenses.	740 Other Expenses.
2741 Joint Expenses—Dr.	1741 Joint Expenses—Dr.	741 Joint Expenses—Dr.	741 Joint Expenses—Dr.
2742 Joint Expenses—Cr.	1742 Joint Expenses—Cr.	742 Joint Expenses—Cr.	742 Joint Expenses—Cr.
II. TRANSMISSION EXPENSES	**II. TRANSMISSION EXPENSES**	**II. TRANSMISSION EXPENSES**	**II. TRANSMISSION EXPENSES**
Operation	Operation	Operation	Operation
		743 Operation Supervision and Engineering.	743 Operation Supervision and Engineering.
		744 Load Dispatching Labor and Expenses.	744 Load Dispatching Labor and Expenses.
2744 System Operation.	1744 System Operation.	745 Operation of Stations.	745–1 Station Labor. 745–2 Station Supplies and Expenses.
		746 Operation of Lines.	746–1 Overhead Lines. 746–2 Underground Lines.

Accounts for Class D Utilities	Accounts for Class C Utilities	Accounts for Class B Utilities	Accounts for Class A Utilities
Maintenance	Maintenance	Maintenance	Maintenance
		747 Maintenance Supervision and Engineering.	747 Maintenance Supervision and Engineering.
		748 Maintenance of Structures and Improvements.	748 Maintenance of Structures and Improvements.
		749 Maintenance of Station Equipment.	749 Maintenance of Station Equipment.
2748 System Maintenance.	1748 System Maintenance.	750 Maintenance of Overhead System.	750-1 Maintenance of Towers and Fixtures. 750-2 Maintenance of Poles and Fixtures. 750-3 Maintenance of Conductors and Devices.
		751 Maintenance of Underground System.	751-1 Maintenance of Conduit. 751-2 Maintenance of Conductors and Devices.
		752 Maintenance of Roads and Trails.	752 Maintenance of Roads and Trails.
Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
2753 Rents.	1753 Rents.	753 Rents.	753 Rents.
2754 Joint Expenses—Dr.	1754 Joint Expenses—Dr.	754 Joint Expenses—Dr.	754 Joint Expenses—Dr.
2755 Joint Expenses—Cr.	1755 Joint Expenses—Cr.	755 Joint Expenses—Cr.	755 Joint Expenses—Cr.

III. DISTRIBUTION EXPENSES	III. DISTRIBUTION EXPENSES	III. DISTRIBUTION EXPENSES	III. DISTRIBUTION EXPENSES
Operation	Operation	Operation	Operation
		756 Operation Supervision and Engineering.	756 Operation Supervision and Engineering.
	1757 Operation Supervision and Office Expenses. (Exclusive of Load Dispatching Labor and Expenses.)	757 Load Dispatching Labor and Expenses.	757 Load Dispatching Labor and Expenses.
		758 Distribution Office Expenses	758-1 Distribution Maps and Records. 758-2 Other Distribution Office Expenses.
2757 System Operation	1760 Operation of Stations. (Including Load Dispatching Labor and Expenses.)	759 Operation of Stations.	759-1 Station Labor. 759-2 Station Supplies and Expenses.
		760 Operation of Storage Batteries.	760-1 Storage Battery Labor. 760-2 Storage Battery Supplies and Expenses.
	1761 Operation of Lines.	761 Operation of Lines.	761-1 Overhead Lines. 761-2 Underground Lines. 761-3 Removing and Resetting Line Transformers.
	1762 Services on Customers' Premises.	762 Services on Customers' Premises.	762-1 Removing and Resetting Meters. 762-2 Other Services on Customers' Premises.
2763 Operation of Street Lighting and Signal Systems.	1763 Operation of Street Lighting and Signal Systems.	763 Operation of Street Lighting and Signal Systems.	763-1 Overhead Systems. 763-2 Underground Systems.

Accounts for Class D Utilities	Accounts for Class C Utilities	Accounts for Class B Utilities	Accounts for Class A Utilities
Maintenance	Maintenance	Maintenance	Maintenance
	1764 Maintenance Supervision and Engineering.	764 Maintenance Supervision and Engineering.	764 Maintenance Supervision and Engineering.
	1765 Maintenance of Structures and Station Equipment.	765 Maintenance of Structures and Improvements.	765 Maintenance of Structures and Improvements.
		766 Maintenance of Station Equipment.	766 Maintenance of Station Equipment.
		767 Maintenance of Storage Battery Equipment.	767 Maintenance of Storage Battery Equipment.
2765 System Maintenance.	1768 Maintenance of Lines.	768 Maintenance of Overhead System.	768–1 Maintenance of Poles, Towers, and Fixtures. 768–2 Maintenance of Conductors and Devices.
		769 Maintenance of Underground System.	769–1 Maintenance of Conduit. 769–2 Maintenance of Conductors and Devices.
	1770 Maintenance of Line Transformers and Devices.	770 Maintenance of Line Transformers and Devices.	770 Maintenance of Line Transformers and Devices.
	1771 Maintenance of Services.	771 Maintenance of Services.	771 Maintenance of Services.
	1772 Maintenance of Meters.	772 Maintenance of Meters.	772 Maintenance of Meters.
	1773 Maintenance of Installations and Leased Property on Customers' Premises.	773 Maintenance of Installations on Customers' Premises.	773 Maintenance of Installations on Customers' Premises.
		774 Maintenance of Leased Property on Customers' Premises.	774 Maintenance of Leased Property on Customers' Premises.

ACCOUNTS FOR CLASS D UTILITIES	ACCOUNTS FOR CLASS C UTILITIES	ACCOUNTS FOR CLASS B UTILITIES	ACCOUNTS FOR CLASS A UTILITIES
2775 Maintenance of Street Lighting and Signal Systems.	1775 Maintenance of Street Lighting and Signal Systems.	775 Maintenance of Street Lighting and Signal Systems.	775 Maintenance of Street Lighting and Signal Systems.
Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
2776 Rents.	1776 Rents.	776 Rents.	776 Rents.
2777 Joint Expenses—Dr.	1777 Joint Expenses—Dr.	777 Joint Expenses—Dr.	777 Joint Expenses—Dr.
2778 Joint Expenses—Cr.	1778 Joint Expenses—Cr.	778 Joint Expenses—Cr.	778 Joint Expenses—Cr.
IV. CUSTOMERS' ACCOUNTING AND COLLECTING EXPENSES	**IV. CUSTOMERS' ACCOUNTING AND COLLECTING EXPENSES**	**IV. CUSTOMERS' ACCOUNTING AND COLLECTING EXPENSES**	**IV. CUSTOMERS' ACCOUNTING AND COLLECTING EXPENSES**
		779 Supervision.	779 Supervision.
2780 Meter Reading, Accounting, and Collecting.	1780 Meter Reading, Accounting, and Collecting.	780 Customers' Contracts, Orders, Meter Reading, and Collecting.	780–1 Customers' Contracts and Orders. 780–2 Credit Investigations and Records. 780–3 Meter Reading. 780–4 Collecting.
		781 Customers' Billing and Accounting.	781 Customers' Billing and Accounting.
2783 Uncollectible Accounts.	1783 Uncollectible Accounts.	782 Miscellaneous Expenses.	782 Miscellaneous Expenses.
2784 Rents.	1784 Rents.	783 Uncollectible Accounts.	783 Uncollectible Accounts.
		784 Rents.	784 Rents.

Accounts for Class D Utilities	Accounts for Class C Utilities	Accounts for Class B Utilities	Accounts for Class A Utilities
V. SALES PROMOTION EXPENSES	**V. SALES PROMOTION EXPENSES**	**V. SALES PROMOTION EXPENSES**	**V. SALES PROMOTION EXPENSES**
		785 Supervision.	785 Supervision.
		786 Salaries and Commissions.	786 Salaries and Commissions.
2786 Sales Expenses.	1786 Sales Expenses.	787 Demonstration, Advertising, and Other Sales Expenses.	787–1 Demonstration. 787–2 Advertising. 787–3 Miscellaneous Sales Expenses.
2788 Rents.	1788 Rents.	788 Rents.	788 Rents.
2789 Merchandising, Jobbing, and Contract Work.	1789 Merchandising, Jobbing, and Contract Work.	789 Merchandising, Jobbing, and Contract Work.	789 Merchandising, Jobbing, and Contract Work.
VI. ADMINISTRATIVE AND GENERAL EXPENSES	**VI. ADMINISTRATIVE AND GENERAL EXPENSES**	**VI. ADMINISTRATIVE AND GENERAL EXPENSES**	**VI. ADMINISTRATIVE AND GENERAL EXPENSES**
		790 Salaries of General Officers and Executives.	790 Salaries of General Officers and Executives.
2790 General Office Salaries.	1790 General Office Salaries.	791 Other General Office Salaries.	791 Other General Office Salaries
		792 Expenses of General Officers and General Office Employees.	792–1 Expenses of General Officers. 792–2 Expenses of General Office Employees.
	1793 General Office Supplies and Expenses.		
2793 General Office and Miscellaneous Expenses.		793 General Office Supplies and Expenses.	793 General Office Supplies and Expenses.
	1794 Management and Supervision Fees and Expenses.	794 Management and Supervision Fees and Expenses.	794 Management and Supervision Fees and Expenses.

	1796 Legal Services.	796 Legal Services.	796 Legal Services.
	1798 Insurance.	798 Insurance.	798 Insurance.
	1799 Injuries and Damages.	799 Injuries and Damages.	799 Injuries and Damages.
		795 Special Services.	795 Special Services.
	1800 Other General Expenses.	800 Employees' Welfare Expenses and Pensions.	800–1 Employees' Welfare Expenses.
			800–2 Pensions.
		801 Miscellaneous General Expenses.	801 Miscellaneous General Expenses.
		804 Commissions Paid Under Agency Sales Contracts.	804 Commissions Paid Under Agency Sales Contracts.
2797 Regulatory Commission Expenses.	1797 Regulatory Commission Expenses.	797 Regulatory Commission Expenses.	797 Regulatory Commission Expenses.
			802–1 Maintenance of Structures and Improvements.
2802 Maintenance of General Property.	1802 Maintenance of General Property.	802 Maintenance of General Property.	802–2 Maintenance of Office Furniture and Equipment.
			802–3 Maintenance of Communication Equipment.
			802–4 Maintenance of Miscellaneous Equipment.
2803 General Rents.	1803 General Rents.	803 General Rents.	803 General Rents.
2805 Franchise Requirements.	1805 Franchise Requirements.	805 Franchise Requirements.	805 Franchise Requirements.
2806 Duplicate Miscellaneous Charges—Credit.	1806 Duplicate Miscellaneous Charges—Credit.	806 Duplicate Miscellaneous Charges—Credit.	806 Duplicate Miscellaneous Charges—Credit.

Accounts for Class D Utilities	Accounts for Class C Utilities	Accounts for Class B Utilities	Accounts for Class A Utilities
2807 Administration and General Expenses Transferred—Credit.	1807 Administration and General Expenses Transferred—Credit.	807 Administration and General Expenses Transferred—Credit.	807 Administration and General Expenses Transferred—Credit.
2808 Joint Expenses—Debit.	1808 Joint Expenses—Debit.	808 Joint Expenses—Debit.	808 Joint Expenses—Debit.
2809 Joint Expenses—Credit.	1809 Joint Expenses—Credit.	809 Joint Expenses—Credit.	809 Joint Expenses—Credit.
2810 Stores Expenses*			
2811 Transportation Expenses*			

*Required to be kept by Class D utilities that are not using the optional clearing accounts 902, Stores Expenses, and 903, Transportation Expenses.

D Nos.	C Nos.	Accounts for Class C and Class D Utilities (See note below)	A & B Nos.	Accounts for Class A and Class B Utilities
2901	1901	Charges by Associated Companies—Clearing.	901	Charges by Associated Companies—Clearing.
2902	1902	Stores Expenses—Clearing.	902	Stores Expenses—Clearing.
2903	1903	Transportation Expenses—Clearing.	903	Transportation Expenses—Clearing.
			904	Laboratory Expenses—Clearing.
			905	Shop Expenses—Clearing.

Note: Use of the above accounts is optional with Class D utilities. Class D utilities that do not use the above accounts are required to use accounts 2810, Stores Expenses, and 2811, Transportation Expenses, included in Administrative and General Expenses.

EXHIBIT 61

Public Utilities Commissioner of Oregon

Uniform System Of Accounts For Electric Utilities

ORMOND R. BEAN
Commissioner of Public Utilities
of Oregon

SALEM, OREGON

SECOND EDITION

1941

PUBLIC UTILITIES COMMISSIONER OF OREGON

Uniform System of Accounts

PRESCRIBED FOR

Classes A, B and C Electric Utilities

By the

PUBLIC UTILITIES COMMISSIONER
OF OREGON

EFFECTIVE JANUARY 1, 1937, FOR CLASS A AND B UTILITIES AND
JANUARY 1, 1938, FOR CLASS C UTILITIES

Second Edition
Printing
1941

Supersedes the System of Accounts
Prescribed by the Public Service Commission
of Oregon Effective January 1, 1925

State Printing Department, Salem, Oregon

PUBLIC UTILITIES COMMISSIONER
OF OREGON

ORMOND R. BEAN, Commissioner
F. L. Davis, Assistant Commissioner
Ralph H. Mitchell, Secretary
J. L. Kennedy, Chief Accountant
T. O. Russell, Chief Engineer

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Before the Public Utilities Commissioner of Oregon

In the matter of the adoption of a Uniform System of Accounts for Class A and Class B Electric Utilities. } 15501, A & B Electric ORDER

The Commissioner having under consideration the adoption of a Uniform System of Accounts for Class A and Class B Electric Utilities and having, after due notice, held a public hearing at his office in Salem, Oregon, on December 11, 1936, at which time and place representatives of all Class A and B Electric Utilities present were given an opportunity to be heard, and having considered all matters presented at said hearing, including the memoranda thereafter filed, and the files and records herein, does now find and determine that the Uniform System of Accounts for Class A and Class B Electric Utilities attached hereto, and by this reference made a part hereof, should be adopted for all Class A and Class B Electric Utilities operating in the State of Oregon. Upon consideration it is now, therefore,

ORDERED that the Uniform System of Accounts for Class A and Class B Electric Utilities as set forth in the foregoing findings, and by this reference made a part hereof, be and the same is hereby adopted, and that all Class A and Class B Electric Utilities operating in the State of Oregon shall, on and after January 1, 1937, keep their accounts and records in accordance therewith, except as hereinafter provided. It is further

ORDERED that during the year 1937 any said utility may for purposes of comparison keep and maintain, in addition to the accounts hereby prescribed, such portion or portions of the present system of accounts as may be deemed desirable. It is further

ORDERED that electric utilities having gross operating revenues of less than $250,000.00 per annum continue to keep their accounts in accordance with the classification of accounts at present in effect. It is further

ORDERED that Class A and B Electric Utilities also conducting gas, water and other utility operations continue to keep and maintain their fixed capital operating revenue and operating expense accounts for such gas, water and other operations in accordance with the classification of accounts prescribed for such utility operations by the Public Service Commission of Oregon effective January 1, 1925, and that the system of accounts for merchandising and jobbing prescribed in Order 2020 remain in effect until further order. It is further

ORDERED that Class A and Class B Electric Utilities are hereby relieved from keeping their books of accounts and records in accordance with the classification of accounts for electric utilities prescribed by the Public Service Commission of Oregon effective January 1, 1925, including all amendments thereto, except as hereinabove provided. It is further

ORDERED that in prescribing this system of accounts the Commissioner does not commit himself to the approval or acceptance of any item included in any account herein for the purpose of fixing rates or in determining other matters before the Commissioner. It is further

ORDERED that a copy of this order and said system of accounts shall forthwith be served upon each Class A and Class B Electric Utility operating in Oregon.

Done and dated at Salem, Oregon, this 21st day of December, 1936.

FRANK C. McCOLLOCH,
Commissioner of Public Utilities
of Oregon.

ATTEST:
ELLA ELILER,
Secretary.
(OFFICIAL SEAL)

Before the Public Utilities Commissioner of Oregon

In the matter of the adoption of a Uniform System of Accounts for Class A and B Electric Utilities.

15501. A & B Electric
THIRD SUPPLEMENTAL ORDER

(1) The Commissioner by P. U. C. Oregon Order No. 3917 entered on the 21st day of December, 1936, prescribed for Class A and B Electric Utilities operating in the State of Oregon a Uniform System of Accounts to become effective January 1, 1937.

The Federal Power Commission by Order No. 42 dated June 16, 1936, likewise prescribed a Uniform System of Accounts for "public utilities" and "licensees", such system of accounts being substantially, but not entirely, the same in form and substance as that prescribed by the Commissioner in said Order No. 3917.

(2) On December 31, 1936, the Federal Power Commission by Order No. 43 adopted certain perfecting amendments and minor revisions of the system of accounts prescribed in said Order No. 42. Certain of said amendments and revisions were incorporated in the system of accounts prescribed by the Commissioner in said Order No. 3917, and it is believed that the balance of said amendments and revisions should be adopted in the interest of uniformity in accounting procedure. Other suggested amendments and revisions of a minor nature should likewise be adopted for the purpose of clarifying and making more definite and certain the instructions and text embraced in the Uniform System of Accounts.

(3) Said Order No. 3917 provided that the system of accounts for the merchandising and jobbing operations of Class A and B Electric Utilities heretofore prescribed by the Commissioner in P. U. C. Oregon Order No. 2020 shall remain in effect until further order.

Pursuant to notice duly given, the Commissioner held a public hearing at his office in Salem, Oregon, on the 4th day of August, at which time and place all Class A and B Electric Utilities present were given an opportunity to be heard as to the adoption of a revised system of accounts for merchandising. The suggestions and comments made at said hearing with respect to such proposed revised system of accounts for merchandising have been considered and it is the Commissioner's opinion that a system of accounts for the merchandising operations of Class A and B Electric Utilities should be adopted effective January 1, 1938.

(4) Utility Plant Instruction 12, "Additions and Retirements of Utility Plant", set forth in the Uniform System of Accounts for Class A and B Electric Utilities effective January 1, 1937, provides in part as follows:

"B. *Units of Property*

"Each utility may adopt its own list of units for the purpose of this instruction until such time as the Commissioner shall prescribe a list of units. Not later than six months after the effective date of this system of accounts each utility shall file with the Commission a list of the items of property it proposes to account for as units of property."

Pursuant to such requirement each Class A and B Electric Utility furnished such a list of units or signified their desire to adopt and use the list of units prescribed by the Federal Power Commission in Order No. 45 dated January 13, 1937.

The Commissioner is of the opinion that a list of units should be adopted for Class A and B Electric Utilities in order that uniformity in the accounting for additions and retirements of utility plant may be had and that such list of units should be substantially in accord with the list of units prescribed by the Federal Power Commission.

The Commissioner having considered the matters presented at said hearing, the reports and recommendations made and the records and files herein, does now enter the following findings:

I.

That the Uniform System of Accounts prescribed by the Commissioner on December 21, 1936, in said Order No. 3917 for the use of Class A and B Electric Utilities should be amended and revised in such particulars as are incorporated in the system of accounts annexed hereto and by this reference made a part hereof.

II.

That there should be adopted effective January 1, 1938, for all Class A and B Electric Utilities the Uniform System of Accounts for merchandising set forth as Appendix I of the system of accounts annexed hereto.

III.

That there should be adopted effective January 1, 1938, for all Class A and B Electric Utilities the units of property set forth in Appendix II of the system of accounts annexed hereto.

Now, therefore, based upon the foregoing and the records and files herein, it is

ORDERED that the Uniform System of Accounts prescribed by the Commissioner in said Order No. 3917 effective January 1, 1937, for Class A and B Electric Utilities operating in this state be and the same is hereby amended and revised in such particulars as are incorporated in the system of accounts annexed hereto and by this reference made a part hereof. It is further

ORDERED that the Uniform System of Accounts for merchandising set forth as Appendix I of the system of accounts annexed hereto be and the same is hereby adopted and that all Class A and B Electric Utilities shall on and after January 1, 1938, keep their accounts and records with respect to their merchandising activities in accordance therewith. It is further

ORDERED that compliance by a utility with such system of accounts herein prescribed for merchandising shall not in any way prejudice such utility in any rate proceeding from asserting and proving that all or any part of such utility's profit or deficit arising from such merchandising activities should be considered in determining net operating income. It is further

ORDERED that the units of property set forth in Appendix II of the system of accounts annexed hereto be and the same are hereby adopted effective January 1, 1938, for all Class A and B Electric Utilities operating in this state. It is further

ORDERED that P. U. C. Oregon Order No. 3917 entered on the 21st day of December, 1936, shall remain in full force and effect except as specifically amended and supplemented herein.

Done and dated at Salem, Oregon, this 1st day of December, 1937.

N. G. WALLACE,
Commissioner of Public Utilities
of Oregon.

ATTEST:
ELLA BLILER,
Secretary.
(OFFICIAL SEAL)

Before the Public Utilities Commissioner of Oregon

In the matter of the adoption of a Uniform System of Accounts for Class C Electric Utilities.

15501 C Electric
ORDER

The Commissioner having under consideration the adoption of a Uniform System of Accounts for Class C Electric Utilities submitted to said Class C Electric Utilities such proposed system of accounts. Said proposed uniform system of accounts is based upon the Uniform System of Accounts heretofore prescribed by the Commissioner in P. U. C. Oregon Order No. 3917 for Class A and B Electric Utilities thereby making applicable to all three classes of Electric Utilities the same accounting principles but, however, providing fewer accounts that must be kept by Class C Electric Utilities.

Said Class C Electric Utilities having advised the Commissioner that said Uniform System of Accounts as proposed is satisfactory it, therefore, appears that a formal hearing upon the matter is unnecessary.

The Commissioner having considered the proposed Uniform System of Accounts and the records and files herein is of the opinion and finds that the Uniform System of Accounts for Class C Electric Utilities entitled, "Application of Uniform System of Accounts to Class C Electric Utilities" and annexed hereto as Appendix III should be adopted for all Class C Electric Utilities operating in the State of Oregon.

Upon consideration it is now, therefore,

Ordered that the Uniform System of Accounts for Class C Electric Utilities entitled, "Application of Uniform System of Accounts to Class C Electric Utilities" annexed hereto as Appendix III be and the same is hereby adopted and all Class C Electric Utilities operating in the State of Oregon shall on and after January 1, 1938, keep their accounts and records in accordance therewith, It is further

ORDERED that Class C Electric Utilities are hereby relieved, effective January 1, 1938, of keeping their books of accounts and records in accordance with the classification of accounts for Electric Utilities prescribed by the Public Service Commission of Oregon, effective January 1, 1925, including all amendments thereto. It is further

ORDERED that in prescribing this system of accounts the Commissioner does not commit himself to the approval or acceptance of any item included in any account herein for the purpose of fixing rates and determining other matters before the Commissioner.

Done and dated at Salem, Oregon, this 1st day of December, 1937.

N. G. WALLACE,
Commissioner of Public Utilities
of Oregon.

ATTEST:
ELLA BLILER,
Secretary.
(OFFICIAL SEAL)

UNIFORM SYSTEM OF ACCOUNTS FOR ELECTRIC UTILITIES

Authority Under Which Accounting Rules and Regulations Are Prescribed

This Uniform System of Accounts for Electric Utilities is issued and prescribed by the Public Utilities Commissioner of Oregon in accordance with the following provisions of Oregon Compiled Laws Annotated:

Sec. 112-411. Uniform Accounting by Utility. Every public utility shall keep and render to the commission in the manner and form prescribed by the commission uniform accounts of all business transacted. All forms of accounts which may be prescribed by the commission shall conform as nearly as practicable to similar forms prescribed by federal authority. Every public utility engaged directly or indirectly in any other business than that of the transportation of persons or property by street railroads or the production, transmission or furnishing of heat, light, water or power or the conveyance of telephone messages shall, if required by the commission, keep and render separately to the commission in like manner and form the accounts of all such other business, in which case all the provisions of this act shall apply with like force and effect to the books, accounts, papers and records of such other business.

Sec. 112-412. Commission to Prescribe Forms for Accounts and Records—Other Books Shall Not Be Kept. The commission shall prescribe the forms of all books, accounts, papers and records required to be kept, and every public utility is required to keep and render its books, accounts, papers and records accurately and faithfully in the manner and form prescribed by the commission and to comply with all directions of the commission relating to such books, accounts, papers and records. No public utility shall keep any other books, accounts, papers or records of its public utility business transacted than those prescribed or approved by the commission, except such as may be required by the laws of the United States.

Sec. 112-414. Office and Records of Utility Maintained in State. Each public utility shall have an office in one of the towns or cities in this state in which its property or some part thereof is located, and shall keep in said office all such books, accounts, papers and records as shall be required by the commission to be kept within the state. No books, accounts, papers or records required by the commission to be kept within the

state shall be at any time removed from the state, except upon such conditions as may be prescribed by the commission.

Sec. 112-416. Audit of Accounts—Allocation of Items. The commission shall provide for the examination and audit of all accounts, and all items shall be allocated to the accounts in the manner prescribed by the commission.

The agents, accountants or examiners employed by the commission shall have authority under the direction of the commission to inspect and examine any and all books, accounts, papers, records and memoranda kept by such public utilities.

Sec. 112-418. New Construction—Accounting. The commission shall keep itself informed of all new construction, extensions and additions to the property of such public utilities and shall prescribe the necessary forms, regulations and instructions to the officers and employes of such public utilities for the keeping of construction accounts, which shall clearly distinguish all operating expenses and new construction.

Sec. 112-468. Information, Papers and Accounting Denied Commission—Penalty. Any officer, agent or employe of any public utility who shall fail or refuse to fill out and return any blanks as required by this act, or shall fail or refuse to answer any question therein propounded, or shall knowingly or wilfully give a false answer to any such question or shall evade the answer to any such question where the fact inquired of is within his knowledge or who shall, upon proper demand, fail or refuse to exhibit to the commission or any commissioner or any person authorized to examine the same, any book, paper, account, record, or memorandum of such public utility which is in his possession or under his control or who shall fail to properly use and keep his system of accounting or any part thereof, as prescribed by the commission, or who shall refuse to do any act or thing in connection with such system of accounting when so directed by the commission or its authorized representative, shall be deemed guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not less than $1,000 for each offense. A penalty of not less than $500 nor more than $1,000 shall be recovered from the public utility for each such offense when such officer, agent or employe acted in obedience to the direction, instruction or request of such public utility or any general officer thereof.

DEFINITIONS

When used in this system of accounts:

1. **"Accounts"** means the accounts prescribed in this system of accounts.

2. **"Actually issued,"** as applied to securities issued or assumed by the utility, means those which have been sold to *bona fide* purchasers for a valuable consideration (including those issued in exchange for other securities or other property); also securities issued as dividends on stock, and those which have been issued in accordance with contractual requirements direct to trustees of sinking funds.

3. **"Actually outstanding,"** as applied to securities issued or assumed by the utility, means those which have been actually issued and are neither retired nor held by or for the utility; provided, however, that securities held by trustees shall be considered as actually outstanding.

4. **"Amortization"** means the gradual extinguishment of an amount in an account by prorating such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

5. **"Affiliated interest"** with a public utility means and includes the following:

(a) Every corporation and person owning or holding directly or indirectly 5 per centum or more of the voting securities of such public utility.

(b) Every corporation and person in any chain of successive ownership of 5 per centum or more of voting securities.

(c) Every corporation 5 per centum or more of whose voting securities owned by any person or corporation owning 5 per centum or more of the voting securities of such public utility or by any person or corporation in any such chain of successive ownership of 5 per centum or more of voting securities.

(d) Every person who is an officer or director of such public utility or of any corporation in any chain of successive ownership of 5 per centum or more of voting securities.

(e) Every corporation which has two or more officers or two or more directors in common with such public utility.

(f) Every corporation or person which the Commissioner may determine as a matter of fact after investigation and hearing actually is exercising any substantial influence over the policies and actions of such public utlity, even though such influence is not based upon stockholding, stockholders, directors or officers to the extent specified in this section.

(g) Every person or corporation who or which the Commissioner may determine as a matter of fact after investigation and hearing actually is exercising such substantial influence over the policies and actions of such public utility in conjunction with one or more other corporations and or persons with which or whom they are related by ownership and or blood relationship or by action in concert that together they are affiliated with such public utility within the meaning of this section even though no one of them alone is so affiliated.

6. **"Book cost"** means the amount at which property is recorded in these accounts without deduction of related reserves or other accounts. As applied to utility plant, "book cost" means the amount at which property is included in account 100-6 or in accounts 100-1 to 100-4.

7. **"Buildings."** (See utility plant instruction 10.)

8. **"Commission"** or **"Commissoiner"** means the Public Utilities Commissioner of Oregon.

9. **"Construction cost, components of."** (See utility plant instruction 5.)

10. **"Cost"** means the amount of money actually paid for property or services or the cash value at the time of the transaction of any consideration other than money. (See, however, utility plant instruction 3.)

11. **"Cost of removal"** means the cost of demolishing, dismantling, tearing down, or otherwise removing utility plant, including the cost of transportation and handling incidental thereto.

12. **"Debt expense"** means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for

issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

13. **"Depreciation,"** as applied to depreciable utility plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are: Wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities.

14. **"Discount,"** as applied to the securities issued or assumed by the utility, means the excess of the part (stated value of no-par stocks) or face value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

15. **"Distribution system."** (See utility plant instruction 16.)

16. **"Equipment."** (See utility plant instruction 11.)

17. **"Improvements."** (See utility plant instruction 10.)

18. **"Investment advances"** means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of capital stock or long-term obligations, or shall not be subject to current settlement.

19. **"Land and land rights."** (See utility plant instruction 9.)

20. **"Minor items of property"** means the associated parts or items of which units of property are composed.

21. **"Net book cost,"** when applied to utility plant means the book cost less related depreciation and amortization reserves. When applied to other property, it means book cost less related reserves for loss in value.

22. **"Net original cost,"** as applied to utility plant, means the original cost less related depreciation and amortization reserves.

23. **"Net salvage value"** means the salvage value of property retired less the cost of removal.

24. **"Nominally issued,"** as applied to securities issued or assumed by the utility, means those which have been signed, certified, or otherwise executed and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utlity, but which have not been sold or issued direct to trustees of sinking funds in accordance with contractual requirements.

25. **"Nominally outstanding,"** as applied to securities issued or assumed by the utility, means those which, after being actually issued, have been reacquired by or for the utility under circumstances which require them to be considered as held alive and not retired, provided, however, that securities held by trustees shall be considered as actually outstanding.

26. **"Original cost,"** as applied to utility plant, means the cost of such property to the person first devoting it to public service.

27. **"Person"** means an individual, a corporation, a partnership, an association, a joint stock company, a business trust, or any organized group of persons, whether incorporated or not, or any receiver or trustee.

28. **"Premium,"** as applied to the securities issued or assumed by the utility, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stocks) or face value and interest or dividends accrued at the date of sale.

29. **"Property retired,"** as applied to utility plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been withdrawn from service.

30. **"Replacing"** or **"replacement,"** when not otherwise indicated in the context means the construction or installation of utility plant in place of property retired, together with the removal of the property retired.

31. **"Salvage value"** means the amount received for property retired, less any expenses incurred in connection with the sale

or in preparing the property for sale; or, if retained, the amount at which the material recoverable is chargeable to account 131, Materials and Supplies, or other appropriate account.

32. **"Service value"** means the difference between the original cost and the net salvage value of utility plant.

33. **"Structures."** (See utility plant instruction 10.)

34. **"Transmission system."** (See utility plant instruction 16.)

35. **"Units of property"** means those items of utility plant which, when retired, with or without replacement, are accounted for by crediting the book cost thereof to the utility plant account in which included.

36. **"Utility,"** as used herein and when not otherwise indicated in the context, means any public utility to which this system of accounts is applicable.

INSTRUCTIONS—GENERAL

1. Classification of Utilities.

A. For the purpose of applying the system of accounts prescribed herein, utilities are divided into three classes, as follows:

Class A. Utilities having either (1) annual operating revenues of $750,000 or more, or (2) the original cost of whose utility plant amounts to $4,000,000 or more. Such utilities shall keep all the accounts prescribed herein which are applicable to their operations.

Class B. Utilities having annual operating revenues of more than $250,000 but less than $750,000 and the original cost of whose utility plant amounts to less than $4,000,000. Such utilities shall keep all the accounts prescribed herein which are applicable to their operations, except those operating expense accounts in which the letter B does not appear in the prefix.

Class C. Utilities having annual operating revenues of more than $25,000 but not more than $250,000. Such utilities shall keep the accounts applicable to their operations which are prescribed in Appendix III.

B. The class to which any utility belongs shall be determined by the average of its annual operating revenues for the three years next preceding the effective date of this system of accounts; provided, however, that if the original cost of utility plant amounts to $4,000,000 at the end of the year immediately preceding the effective date of this system of accounts, such utility shall be classified as a Class A utility. If at the end of any calendar year following the effective date of this system of accounts the annual operating revenues of the utility for the three years ending on that date shall average $750,000, or if the original cost of its utility plant shall amount to $4,000,000 at the end of any such following year, then such utility shall be classified as a Class A utility for the next succeeding year.

C. Any utility may at its option adopt the system of accounts prescribed herein for any larger class of utilities.

2. Records.

A. Each utility shall so keep its books of account, and all other books, records, and memoranda which support in any way the entries in such books of account, as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit a ready identification, analysis and verification of all of the facts relevant thereto.

B. The books and records referred to herein include not only accounting records in a limited technical sense, but all other records such as minute books, stock books, reports, correspondence, memoranda, etc., which may be useful in developing the history of or facts regarding any transaction.

C. No utility shall destroy any books or records which support entries to its accounts unless the destruction thereof is permitted by rules and regulations of the Commission.

D. Subdivisions of any account in the system of accounts prescribed herein may be kept, provided that such subdivisions do not impair the integrity of the prescribed accounts. The titles of all such subdivisions or subaccounts shall refer by number or title to the account or accounts of which they are subdivisions.

E. Clearing accounts, in addition to those prescribed, and temporary or experimental accounts may be kept, provided such additional accounts do not impair the integrity of the prescribed accounts.

F. All charges to the accounts prescribed in this system for utility plant, income, operating revenues and operating expenses shall be just and reasonable and any payments by the utility in excess of just and reasonable charges shall be included in account 538, Miscellaneous Income Deductions.

G. The numbers prefixed to account titles are to be considered as part of the titles. Each utility may place upon its ledger accounts a different system of account numbers; provided, however, that the numbers herein prescribed shall appear in the descriptive headings of said ledger accounts and upon all accounting records supporting the entries to said ledger accounts.

3. Accounting Period

Each utility shall keep its books on a monthly basis, so that for each month all transactions applicable thereto, as nearly as may be ascertained, shall be entered in the books of the utility. Unless otherwise authorized by the Commission, each utility shall close its books at the end of each calendar year.

4. Submission of Questions

To maintain uniformity of accounting, utilities shall submit questions of doubtful interpretation to the Commission for consideration and decision.

5. Items List, Interpretation of

Lists of "items" appearing in the texts of the accounts or elsewhere herein are for the purpose of more clearly indicating the application of the prescribed accounting. The lists are intended to be representative, but not exhaustive. The appearance of an item in a list warrants the inclusion of the item in the account mentioned only when the text of the account also indicates inclusion, inasmuch as the same item frequently appears in more than one list. The proper entry in each instance must be determined by the texts of the accounts.

6. Delayed Items

A. The term "delayed items" means items relating to transactions which occurred prior to the current calendar year but which were not recorded in the books of account in the prior year.

B. Delayed items shall be charged or credited to the same accounts which would have been charged or credited if the items had not been delayed; provided, that when the amount of a delayed item is relatively so large that its inclusion in the accounts for a single month would seriously distort the accounts; it may be distributed in equal amounts to the accounts for the current and remaining months of the calendar year; and provided further, that if the amount of any delayed item is relatively so large that its inclusion in the accounts for a single year would seriously distort the accounts, the utility shall distribute the amount to the appropriate surplus account.

7. Unaudited Items

When, at the end of any year or at such other time as a financial statement may be required by the Commission, it is known that a transaction has occurred which affects the accounts, but the amount involved in the transaction and its effect upon the accounts can not be determined with absolute accuracy, then the amount shall be estimated and such estimated amount included in the proper accounts. The utility is not required to anticipate minor items which would not appreciably affect the accounts.

8. Transactions With Affiliated Interests

Each utility shall so keep its accounts and records as to be able to furnish accurately and expeditiously a statement of all

transactions with affiliated interests. The statement may be required to show the general nature of the transactions, the amounts involved therein and the amounts included in each account prescribed herein with respect to such transactions. Transactions with affiliated interests shall be recorded in the appropriate accounts for transactions of the same nature, provided, however, that charges by affiliated interests shall first be entered, if necessary, in account 901, Charges by Affiliated Interests—Clearing. Nothing herein contained, however, shall be construed as restraining the utility from subdividing accounts for the purpose of recording separately transactions with affiliated interests.

9. Depreciation Accounting

Each utility shall record as of the end of each month the estimated amount of depreciation accrued during that month on depreciable utility plant. (See account 503, Depreciation, and account 250, Reserve for Depreciation of Utility Plant.)

Note A—Depreciation expense applicable to property included in account 100-2, Utility Plant Leased to Others, shall be charged to account 508, Income from Utility Plant Leased to Others.

Note B—Depreciation applicable to transportation equipment shall be charged to account 903, Transportation Expenses—Clearing, and depreciation on general tools and work equipment used in construction work shall be charged to the work or job benefited. The utility may, at its option, distribute depreciation on the latter items through account 906, Tools and Work Equipment—Clearing, and it may also, at its option, charge to clearing accounts, insofar as applicable, depreciation on structures and equipment. (See, however, utility plant instruction 5, item 5.)

10. Distribution of Pay and Expenses of Employes

The charges to utility plant, operating expense and other accounts for services and expenses of employes engaged in activities chargeable to various accounts, such as construction and operations, shall be based upon the actual time engaged in the respective classes of work, or, in case that method is impracticable, upon the basis of a study of the time actually engaged during a representative period.

11. Records for Each Plant

Separate records shall be maintained by utility plant accounts of the book cost of each plant owned or operated and of the cost of operating and maintaining each plant. The term "plant" as here used means each generating station and each transmission line.

Note—If a utility operates many transmission lines, it may, with the approval of the Commission, group certain of them for the purpose of complying with this instruction.

12. Accounting for Other Departments

This system of accounts is designed for use by electric utilities. If the utility also operates other utility departments such as gas, water, electric railway, etc., it shall keep such accounts for the other departments as may be prescribed by proper authority and, in the absence of prescribed accounts, it shall keep such accounts as are proper or necessary to reflect the results of operating each other department. The balance sheet and income accounts contained in this system, where applicable, shall be used as controlling accounts for the other utility departments as well as the electric, provided, however, that separate subdivisions shall be maintained for each utility department. It is not intended, however, that proprietary and similar accounts which apply to the utility as a whole shall be departmentalized.

13. Segregation of Accounts by States, Operating Divisions or Districts

Where a utility operates in Oregon and also in other states it shall segregate upon its books of account and records between the State of Oregon and other states the following:

Utility Plant Accounts.

Depreciation and Amortization Reserve Accounts.

Income Accounts, 501 to 510, inclusive.

Operating Revenue Accounts.

Operating Expense Accounts.

Whenever the Commissioner shall so direct, similar segregations shall be maintained for each operating district or division within the state of Oregon.

Pending further order of the Commissioner, each utility shall continue the segregation used during the calendar year 1936 of its books of account and records between operating divisions or districts in Oregon.

Where a utility owns, operates or leases property located in another state which is used and useful for the convenience of its customers in Oregon it shall maintain its records in such a manner as will enable it to report to the Commissioner the utility plant accounts, the related depreciation or amortization reserves, income accounts 502 to 509 inclusive and the operating expense accounts pertaining to such property.

INSTRUCTIONS—BALANCE SHEET ACCOUNTS

1. Purpose of Balance Sheet Accounts

The balance sheet accounts are intended to disclose the financial condition of the utility as of a given date by showing its assets and other debits, and liabilities, capital stock, surplus (or deficit), and other credits.

2. Current and Accrued Assets

A. Current and accrued assets are cash, those assets which are readily convertible into cash or are held for current use in operations or construction, current claims against others, payment of which is reasonably assured, and amounts accruing to the utility which are subject to current settlement, except such items for which accounts other than those designated as Current and Accrued Assets are provided.

B. There shall not be included in the group of accounts designated as Current and Accrued Assets any item, the amount or collectibility of which is not reasonably assured, unless an adequate reserve has been provided therefor. Items of current character but of doubtful value may be written down and for record purposes carried in these accounts at nominal value.

3. Current and Accrued Liabilities

A. Current and accrued liabilities are those obligations which have either matured at the date of the balance sheet or which become due within one year from the date thereof; except, however, bonds, receivers' certificates and similar obligations which shall be classified as long-term debt until date of maturity; accrued taxes, such as income taxes, which shall be classified in the balance sheet as accrued liabilities even though payable more than one year from the balance sheet date; compensation awards, which shall be classified as current liabilities regardless of date due; and minor amounts payable in installments which may be classified as current liabilities.

B. If a liability is due more than one year from date of issuance or assumption by the utility, it shall be credited to a

long-term debt account appropriate for the transaction, except, however, the current liabilities mentioned in A, above; but, for the purpose of classification in the balance sheet, a debt, except bonds, receivers' certificates, and similar obligations, shall be classified as a current and accrued liability if due within one year from the balance sheet date.

4. Book Cost of Securities Owned

A. Securities of others acquired by the utility shall be recorded in these accounts at cost at the time of acquisition. Cost does not include any amount paid for accrued interest or dividends.

B. The utility may write down the book cost of any security in recognition of a decline in the value thereof. Securities shall be written off or written down to a nominal value if there be no reasonable prospect of substantial value. Fluctuations in market value shall not be recorded, but a permanent impairment in the value of the securities shall be recognized in the accounts. When securities are written off or written down, the amount of the adjustment shall be charged to account 538, Miscellaneous Income Deductions, or to account 414, Miscellaneous Debits to Surplus, or to an appropriate reserve account.

C. When securities with a fixed maturity date are purchased at a discount (that is, when the total cost, including brokerage fees, taxes, commissions, etc., is less than par), such discount may be amortized over the remaining life of the securities through periodic debits to the account in which the securities are carried (preferably coincident with entries recording interest accruals) and credits to the same account in which the interest revenue is credited. No debits shall be made in respect to discount upon securities held as investments or in special funds if there is reason to believe that such securities will be disposed of by redemption or otherwise at less than par or will not be paid at date of maturity.

D. When securities with a fixed maturity date are purchased at a premium (that is, when the total cost, including brokerage fees, taxes, commissions, etc., is in excess of par), such premiums may be amortized over the remaining life of the securities through periodic credits to the account in which the securities

are carried (preferably coincident with entries recording interest accruals) and debits to the same account in which the interest revenue is recorded.

5. Discount, Expense and Premium on Capital Stock

A. This system of accounts provides separate accounts for discount, expense, and premium on capital stock. These accounts shall be subdivided for each class and series of capital stock issued by the utility. Expenses applicable to capital stock shall not be added to capital stock discount nor deducted from premium on capital stock.

B. In stating the balance sheet, discount and expense and premium shall not be set off against each other.

C. General levies or assessments against stockholders shall be credited to the premium account for the particular class and series of capital stock so assessed.

D. Discount and expense on capital stock may be charged to account 414, Miscellaneous Debits to Surplus, in total or in installments, or the amounts thereof may be retained in accounts 150 and 151 until the stock to which the discount and expense apply is retired.

E. When capital stock which has been actually issued by the utility is reacquired or retired, the difference between the amount paid therefor upon reacquirement by the utility and the par value (amount at which included in account 200, Common Capital Stock, or account 201, Preferred Capital Stock, in the case of stock without par value) plus the premium or less the discount and expense originally entered in respect thereto and not charged off, shall be debited or credited, as the case may be, to account 270, Capital Surplus; provided, however, that debits shall be charged to account 414, Miscellaneous Debits to Surplus, if the amounts thereof exceed the balance in Capital Surplus.

6. Discount, Expense and Premium on Long-term Debt

A. A discount, expense, and premium account shall be maintained for each class and series of long-term debt (including receivers' certificates) issued or assumed by the utility, in which shall be recorded the discount, expense, and premium

associated with the issuance and sale of each such class and series of debt.

B. In stating the balance sheet, the total of the debit balances remaining in those accounts having debit balances shall be reported under account 140, Unamortized Debt Discount and Expense, and the total of the credit balances remaining in those accounts having credit balances shall be reported under account 240, Unamortized Premium on Debt. Accounts with debit balances shall not be set off by accounts with credit balances.

C. The discount, expense, and premium referred to above shall be amortized over the life of the respective issues under such a plan as will equitably distribute the amounts over the life of the securities. The amortization shall be on a monthly basis, and the amounts thereof shall be charged to account 531, Amortization of Debt Discount and Expense, or credited to account 532, Amortization of Premium on Debt—Cr., as may be appropriate. The utility may, however, accelerate the writing off of discount and expense by charges to account 414, Miscellaneous Debits to Surplus.

D. When any long-term debt is reacquired or redeemed without being converted into another form of long-term debt and when the transaction is not in connection with a refunding operation, the difference between the amount paid upon reacquirement and the par or face value plus the unamortized premium or less the unamortized discount and expense, as the case may be, applicable to the debt reacquired or redeemed, shall be debited to account 414, Miscellaneous Debits to Surplus or credited to account 401, Miscellaneous Credits to Surplus, as appropriate.

E. When the redemption of one issue or series of bonds or other long-term obligations is financed by another issue or series before the date of maturity of the first issue, any unamortized discount expense or premium on the first issue and any premium paid or discount earned on reacquirement shall be debited or credited, as appropriate, to account 414 Miscellaneous Debits to Surplus, or account 401, Miscellaneous Credits to Surplus, provided, however, that if the utility desires to amortize any of the discount, expense, or premium

associated with the issuance or redemption of the first issue over a period subsequent to the date of redemption, the permission of the Commission must be obtained.

F. Discount, expense, or premium on debt shall not be included as part of the cost of constructing or acquiring any property, tangible or intangible, except under the provisions of utility plant instruction 5.

7. Contingent Assets and Liabilities

Contingent assets represent a possible source of value to the utility contingent upon the fulfillment of conditions regarded as uncertain. Contingent liabilities include items which may, under certain conditions, become obligations of the utility but which are neither direct nor assumed liabilities at the date of the balance sheet. The utility shall be prepared to give a complete statement of contingent assets and liabilities (including cumulative dividends on preference stock) in its annual report and at such other times as may be requested by the Commission.

8. Company Securities Owned

Securities actually issued or assumed by the company which have been reacquired shall be either retired or carried in account 152, Reacquired Capital Stock, or account 153, Reacquired Long-term Debt, unless it is required by provision of a mortgage, or by decision of a trustee not subject to control by the accounting company, that they be retained alive in sinking or other funds; provided, however, that company owned securities may be carried in other fund accounts upon approval by the Commissioner. When so retained, they shall be considered as actually outstanding, but not otherwise.

9. Nominally Issued Securities

A. Each utility shall maintain, in addition to the capital stock and bond accounts shown in the balance sheet, memorandum debit and credit accounts for securities which have been nominally, but not actually, issued.

B. When non-par stock is nominally issued, the number of shares issued shall be shown in the memorandum accounts.

C. Subdivisions shall be maintained under the memorandum accounts for each class of securities.

BALANCE SHEET ACCOUNTS

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100. Utility Plant
107. Utility Plant Adjustments

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265. Contributions in Aid of Construction

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271. Earned Surplus

I. UTILITY PLANT

100. Utility Plant

There shall be reported by this caption the balances in accounts 100-1, 100-2, 100-3, 100-4, 100-5 and 100-6.

100-1 Utility Plant in Service

A. This account shall include the original cost of utility plant, included in accounts 301 to 390, together with the amounts recorded in accounts 391 and 392, owned and used by the utility in its utility operations, including such property owned by the utility but held by nominees.

B. The cost of additions to and betterments of property leased from others shall be recorded in this account, but such cost shall be maintained in subdivisions entirely separate and distinct from those relating to owned property. (See utility plant instruction 7.)

100-2 Utility Plant Leased to Others.

A. This account shall include the original cost of utility plant owned by the utility, but leased to others as operating units or systems, where the lessee has exclusive possession.

B. The property included in this account shall be classified according to the detailed accounts (301 to 392) for utility plant in service (account 100-1), and this account shall be maintained in such detail as though the property were used by the utility in its utility operations.

100-3 Construction Work in Progress

This account shall include the total of the balances of work orders for utility plant in process of construction but not ready for service at the date of the balance sheet.

Note—If a project, such as a hydro-electric project, a steam station or a transmission line is designed to consist of two or more units or circuits which may be placed in service at different dates, any expenditures which are common to and which will be used in the operation of the project as a whole shall be included in utility plant in service upon the completion and the readiness for service of the first unit. Any expenditures which are identified exclusively with units of property not yet in service shall be included in this account.

100-4 Utility Plant Held for Future Use

A. This account shall include the original cost of property owned and held for use in utility service under a

definite plan for such use. There shall be included herein property acquired but never used by the utility in utility service, but held for such service in the future under a definite plan, and property previously used by the utility in utility service, but retired from such service and held pending its reuse in the future, under a definite plan, in utility service.

B. The property included in this account shall be classified according to the detailed accounts (301 to 392) for utility plant in service and the account shall be maintained in such manner and in such detail as though the property were in service.

Note—Materials and supplies, and meters and transformers held in reserve, shall not be included in this account.

100-5 Utility Plant Acquisition Adjustments

A. This account shall include the difference between (a) the cost to the accounting utility of utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation or otherwise, and (b) the original cost, estimated if not known, of such property, less the amount or amounts which may be credited to the depreciation and amortization reserves of the accounting utility at the time of acquisition with respect to such property. The account shall be so subdivided, when practicable, as to show the amounts applicable to utility plant in service, utility plant leased to others, and utility plant held for future use. (See utility plant instructions 2, 3 and 4.)

B. Whenever practicable this account shall be subdivided according to the character of the amounts included herein for each property acquisition.

C. The amounts recorded in this account with respect to each property acquisition, shall be depreciated, amortized, or otherwise disposed of, as the Commission may approve or direct.

100-6 Utility Plant in Process of Reclassification

A. There shall be closed to this account the book cost of utility plant (formerly called "fixed capital" in many

systems of accounts) as of the effective date hereof. The detail or primary accounts in support of this account employed prior to such date shall be continued pending reclassification into the utility plant accounts herein prescribed (301-392), but shall not be used for additions, betterments, or new construction.

B. No charges, other than as provided in paragraph A above, shall be made to this account, but retirements of utility plant owned as of the effective date hereof shall be credited hereto and to the supporting (old) fixed capital accounts until the reclassification shall have been accomplished.

107. Utility Plant Adjustments

A. This account shall include the difference between the original cost, estimated if not known, and the book cost of utility plant, at the effective date of this system of accounts, to the extent that such difference is not properly includible in account 100-5, Utility Plant Acquisition Adjustments. Write-ups of utility plant prior to the effective date of this system of accounts shall be recorded herein.

B. The amounts included in this account shall be classified in such manner as to show the nature of each amount included herein and shall be disposed of as the Commission may approve or direct.

Note—The provisions of this account shall not be construed as approving or authorizing the recording of appreciation of utility plant.

II. INVESTMENT AND FUND ACCOUNTS

110. Other Physical Property

A. This account shall include the cost to the utility of land, structures, and equipment owned by the utility, but not used in utility service and not properly includible in account 100-4, Utility Plant Held for Future Use.

B. The records supporting the entries to this account shall be so kept that the utility can furnish information as to the nature and cost of each kind of property, from whom it was acquired, its location, and its use.

111. Investments in Affiliated Interests

There shall be reported by this caption the amounts included in accounts 111-1 and 111-2.

111-1 Investments in Securities of Affiliated Interests

A. This account shall include the book cost of the utility's investment in securities issued or assumed by affiliated interests and held as permanent or long-term investments.

B. The account shall be maintained in such manner as to show each class of investment in each affiliated interest.

Note—Securities of affiliated interests owned and pledged shall be included in this account, but such securities if held in special deposits or in special funds shall be included in the appropriate deposit or fund account. A complete record of securities pledged shall be maintained.

111-2 Advances to Affiliated Interests

A. This account shall include the amount of investment advances to affiliated interests and interest accrued on such advances when such interest is not subject to current settlement. (See account 126, Receivables from Affiliated Interests.)

B. The account shall be maintained in such manner as to show the advances to each affiliated interest.

Note A—Balances in open accounts with affiliated interests which are subject to current settlement shall be excluded from this account and included in account 126-2, Accounts Receivable from Affiliated Interests.

Note B—Advances made to affiliated interests without expectation of reimbursement shall be charged to account 538, Miscellaneous Income Deductions, unless authorized by the Commissioner to be charged to some other account.

112. Other Investments

A. This account shall include the book cost of the utility's investment in securities issued or assumed by non-affiliated interests, investment advances to such non-affiliated interests, and any investment not accounted for elsewhere, including notes receivable and similar evidence of money due that run longer than one year from the date of issue: Securities held as temporary cash investments shall not be included in this account.

B. The records shall be maintained in such a manner as to show the amount of each investment, notes receivable and the investment advances to each person.

Note—Securities owned and pledged shall be included in this account but securities held in special deposits or in special funds shall be included in the appropriate deposit or fund account. A complete record of securities pledged shall be maintained.

113. Sinking Funds

This account shall include the assets held in sinking funds. A separate account, with appropriate title, shall be kept for each sinking fund.

Note—Nothing herein contained shall be construed as preventing a utility from transferring applicable sinking or other funds to account 121-3, Miscellaneous Special Deposits, for the purpose of paying matured sinking fund obligations or obligations called for redemption but not presented, or the interest thereon.

114. Miscellaneous Special Funds

There shall be reported by this caption the amounts included in accounts 114-1, 114-2 and 114-3.

114-1 Depreciation Fund

This account shall include the assets which have been segregated in a special fund for the purpose of identifying such assets with the reserve for depreciation.

114-2 Amortization Fund—Federal

This account shall include the cash and investments of any fund maintained by a utility pursuant to the requirements of a federal regulatory body, and the cash and investments segregated for the purpose of identifying the specific assets associated with account 258-1, Amortization Reserve—Federal.

114-3 Miscellaneous Special Funds

This account shall include assets which have been segregated in special funds for insurance, employes' pensions, savings, relief, hospital, and other purposes not provided for elsewhere. A separate account, with appropriate titles, shall be kept for each fund.

Note—Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employes' benefits shall not be included in this account.

III. CURRENT AND ACCRUED ASSETS

120. Cash

This account shall include the utility's current cash funds except working funds. (See account 122, Working Funds.)

121. Special Deposits

These shall be reported by this caption the amounts included in accounts 121-1, 121-2 and 121-3.

121-1 Interest Special Deposits

Special deposits with fiscal agents or others for the payment of interest shall be charged to this account. When interest is paid from the deposits, the amount shall be credited to this account and charged to the appropriate accrued interest account.

121-2 Dividend Special Deposits

Special deposits with fiscal agents and others for the payment of dividends on behalf of the utility shall be charged to this account. When dividends are paid from these deposits, the amount thereof shall be credited to this account and charged to the appropriate dividends payable account.

121-3 Miscellaneous Special Deposits

Special deposits with fiscal agents or others for special purposes other than the payment of interest and dividends shall be charged to this account. Such special deposits may include cash deposited with federal, state, or municipal authorities as a guaranty for the fulfillment of obligations; cash deposited with trustees to be held until mortgaged property sold, destroyed, or otherwise disposed of is replaced; and also cash realized from the sale of the accounting utility's securities and deposited with trustees to be held until invested in property of the utility, etc. When the purposes of such deposits are satisfied and the deposits are released, this account shall be credited with the amount released. Entries to this account shall specify the purpose for which the deposit is made.

Note A—The foregoing special deposit accounts shall not include any assets available for general purposes.

Note B—Deposits for more than one year not offset by current liabilities shall not be charged to this account but to account 112, Other Investments.

122. Working Funds

This account shall include cash advanced to officers, agents, employes, and others as petty cash or working funds.

123. Temporary Cash Investments

A. This account shall include the book cost of investments, such as demand and time loans, bankers' acceptances, United States Treasury certificates, marketable securities, and other similar investments, acquired for the purpose of temporarily investing cash.

B. This account shall be so maintained as to show:
Temporary Cash Investments—Affiliated Interests.
Temporary Cash Investments—Other.

Note—If any of the temporary investments are pledged, proper record of such pledged investments shall be kept.

124. Notes Receivable

This account shall include the book cost, not includible elsewhere, of all collectible obligations in the form of notes receivable and similar evidences (except interest coupons) of money due on demand or within one year from the date of issue.

Note A—This account shall not include notes receivable from affiliated interests. (See account 126-1, Notes Receivable from Affiliated Interests.)

Note B—Notes receivable and similar evidences of money due that run longer than one year from the date of issue shall be included in account 712, Other Investments.

Note C—The amount of notes receivable discounted, sold or transferred unless transferred without recourse, shall not be credited to this account but to account 221, Notes Receivable Discounted.

125. Accounts Receivable

There shall be reported by this caption the balances in accounts 125-1 and 125-2.

125-1 Accounts Receivable—Customers

A. This account shall include amounts due from customers for utility services, including merchandising. This account shall not include amounts due from affiliated interests.

B. This account shall be kept in such manner as to permit the ascertainment within a reasonable time of the amounts due for each utility service, including merchandising, as a separate service.

125-2 Other Accounts Receivable

A. This account shall include amounts owing the utility upon accounts with concerns or individuals, other than

affiliated interests, and customers for utility services and for merchandising.

B. This account shall be maintained in such manner as to show separately the amounts due from officers and employes, but the account shall not include amounts advanced to officers or others as working funds. (See account 122, Working Funds.)

126. Receivables from Affiliated Interests

A. This account shall include the debit balances subject to current settlement in open accounts with affiliated interests, and notes and drafts upon which affiliated interests are liable, and which mature and are expected to be paid in full not later than one year from date of issuance, together with interest thereon. Items which do not bear a specified due date but which have been carried for more than 90 days and items which are not paid within 90 days from due date shall be transferred to account 111, Investments in Affiliated Interests.

B. This account shall be subdivided as follows:

126-1 Notes Receivable from Affiliated Interests.
126-2 Accounts Receivable from Affiliated Interests.

Note A—On the balance sheet, accounts receivable from an affiliated interest may be set off against accounts payable to the same affiliated interest.

Note B—The face amount of notes receivable discounted or sold without releasing the company from liability as endorser thereon shall not be credited to this account, but to account 221, Notes Receivable Discounted.

127. Subscriptions to Capital Stock

A. This account shall include the balance due from subscribers upon legally enforceable subscriptions to capital stock of the utility.

B. The amount of each subscription shall be charged to this account at the time the subscription is accepted, and concurrently there shall be credited to account 204, Capital Stock Subscribed, the par value, in the case of stock having par value, and the stated value in the case of stock without par value, of the stock subscribed. The difference, if any, between the above amounts shall be debited or credited, as appropriate, to account 150, Discount on Capital Stock, or account 203, Premiums and

Assessments on Capital Stock. If non-par stock has no stated value, the entire subscription price shall be credited to account 204, Capital Stock Subscribed.

128. Interest and Dividends Receivable

This account shall include the amount of interest on bonds, mortgages, notes, commercial paper, loans, open accounts, deposits, etc., and the amount of dividends receivable on stocks owned.

Note A—Interest and dividends receivable from affiliated interests shall be included in account 126-2, Accounts Receivable from Affiliated Interests.
Note B—Interest which is not subject to current settlement shall be included in the account in which is carried the principal on which the interest is accrued.

129. Rents Receivable

This account shall include rents receivable or accrued on property rented or leased by the utility to others.

Note—Rents receivable from affiliated interests shall be included in account 126-2, Accounts Receivable from Affiliated Interests.

130. Accrued Utility Revenues

This account may include the estimated amount accrued to the utility for service rendered, but not billed, as of the end of any accounting period. (The use of this account is optional.)

Note—In case the utility accrues unbilled revenues, it shall likewise accrue unbilled expenses.

131. Materials and Supplies

There shall be reported under this caption the total of the amounts in accounts 131-1 and 131-2.

131-1 Materials and Supplies—Utility

A. This account shall include the cost of unissued small tools and unapplied materials and supplies (including fuel) held primarily for use in the utility business. The cost shall include, when practicable, the purchase price at the point of free delivery, plus customs duties, excise and other taxes on purchases, insurance, costs of inspection, special tests prior to acceptance, loading and unloading, transportation, and other directly assignable charges.

B. Inward transportation charges for materials as far as practicable shall be included as a part of the cost of the

particular material to which they relate. When not so included, they shall be charged to account 902, Stores Expenses—Clearing.

C. Cash or other discounts on materials shall be deducted, when practicable, in determining the cost of the particular material, or credited to the account to which the material is charged. Discounts which are not so handled shall be credited to account 902, Stores Expenses—Clearing.

D. Materials recovered in connection with construction, maintenance or the retirement of property shall be charged to this account as follows:

Reusable materials consisting of large individual items shall be included in this account at original cost, estimated if not known. The cost of repairing such items shall be charged to the account appropriate for the previous use. (See also utility plant instruction 5, item 5.)

Reusable materials consisting of relatively small items, the identity of which (from the date of original installation to the final abandonment or sale thereof) cannot be ascertained without undue refinement in accounting shall be included in this account at current prices new for such items. The cost of repairing such items shall be charged to the appropriate expense account as indicated by previous use.

Scrap and nonusable materials included in this account shall be carried at the estimated net amount realizable therefrom. The difference between the amounts realized for scrap and nonusable materials sold and the net amount at which the materials were carried in this account, as far as practicable, shall be adjusted to the accounts credited when the materials were charged to this account.

E. Inventories of materials, supplies, fuel, etc., shall be taken at least annually and the necessary adjustments shall be made to bring this account into harmony with the actual inventories. In effecting the adjustments, large differences which can be assigned to important classes of materials shall

be equitably adjusted among the accounts to which such classes of materials have been charged since the previous inventory. Other differences shall be equitably apportioned among the accounts to which materials have been charged, or included in account 902, Stores Expenses—Clearing. A reserve account for such purpose may be used if desired.

Note A—Interest on material bills, the payment of which has been delayed, shall be charged to account 535, Other Interest Charges.

Note B—There shall not be included in this account materials, supplies and equipment held primarily for merchandising. (See account 131-2.)

131-2 Materials and Supplies—Other

This account shall include the cost of all materials and supplies held primarily for merchandising or for non-utility purposes.

132. Prepayments

This account shall include amounts representing prepayments of insurance, rents, taxes, interest and miscellaneous items, and shall be kept or supported in such manner as to disclose the amount of each class of prepayments.

133. Other Current and Accrued Assets

A. This account shall include current and accrued assets of the general nature defined in accounts 120 to 132, inclusive, but not properly includible in any of these accounts.

B. The records supporting the entries to this account shall be so kept as to show the nature of each class of assets included herein.

IV. DEFERRED DEBITS

140. Unamortized Debt Discount and Expense

This caption shall include the total of the debit balances, of those accounts having debit balances, of the discount, expense, and premium accounts, for all classes of long-term debt. (See balance sheet instruction 6.)

141. Extraordinary Property Losses

A. This account shall include, when so authorized or directed by the Commission, losses in service value of property abandoned or otherwise retired from service which are not

provided for by the depreciation or other reserves and which could not reasonably have been foreseen and provided for. It shall include also when so authorized or directed by the Commission, extraordinary losses, such as unforeseen damages to property which could not reasonably have been anticipated and which are not covered by reserves or by insurance.

B. The entire loss in service value of depreciable property retired shall be charged to the depreciation reserve. If all, or a portion, of the loss in service value is to be included in this account, the depreciation reserve shall then be credited and this account charged with the amount properly chargeable hereto.

C. This account shall be so maintained that convenient itemization may be made of all amounts included herein.

D. Before making any entries to this account, the utility shall obtain the approval of the Commission. Application for permission to use the account shall be accompanied by a statement or statements giving a complete explanation of the nature and cause of the property loss together with a description of the property, its location, the original cost thereof, classified in accordance with the prescribed utility plant accounts, the cost to the utility, the amount of water power value, or other intangible value carried in the accounts with respect to such property, the amount at which the property is retired or to be retired, the amount, if any, chargeable to the depreciation or other reserves (showing cost thus chargeable, salvage, and cost of removal), the amount it is proposed to include in this account, the period over which and the accounts to which it is proposed to write off the loss, and a copy of any statement or statements made or planned to be made to a trustee under a mortgage or other indenture with respect to the property.

142. Preliminary Survey and Investigation Charges

A. This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of projects under contemplation. If construction results, this account shall be credited and the appropriate utility plant account charged. If the work is abandoned, the charge shall be to account 538.

Miscellaneous Income Deductions, or account 414, Miscellaneous Debits to Surplus, unless otherwise authorized or directed by the Commission.

B. The records supporting the entries to this account shall be so kept that the utility can furnish complete information as to the nature and the purpose of the survey, plans or investigations and the nature and respective amounts of the charges.

Note—The amount of preliminary survey and investigation charges transferred to utility plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to utility plant.

143. Clearing Accounts

This caption shall include undistributed balances in clearing accounts (see accounts 901 to 906) at the date of the balance sheet. Balances in clearing accounts shall be substantially cleared not later than the end of the calendar year unless items held therein relate to a future period.

144. Retirement Work in Progress

This account shall include the total of the balances of work orders for the retirement of utility plant. The amount to be credited to utility plant shall be charged to this account at the date the property is retired from service, and the cost of removal shall be charged to the account as incurred. Credits for salvage and insurance recovered shall be made to this account. Each work order shall be closed to account 250, Reserve for Depreciation of Utility Plant, upon completion of the removal, in such a manner as to record separately in the reserve the original cost of plant retired, the cost of removal and the salvage or insurance recovered.

145. Other Work in Progress

This account shall include the total of the balances in open work or job orders for work in progress, other than that includible in accounts 100-3, Construction Work in Progress, and 144, Retirement Work in Progress.

146. Other Deferred Debits

A. This account shall include all debits, not elsewhere provided for, the proper final disposition of which is uncertain.

and unusual or extraordinary expenses, not included in other accounts, which are in process of amortization.

B. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to each deferred debit included herein.

V. CAPITAL STOCK DISCOUNT AND EXPENSE

150. Discount on Capital Stock

A. There shall be reported by this caption all balances in the accounts for discount on capital stock.

B. The accounts hereunder shall be kept in such manner as to show separately the discount on each class and series of capital stock. (See balance sheet instruction 5.)

C. The utility may amortize the balance carried in this account by charges to account 414, Miscellaneous Debits to Surplus.

151. Capital Stock Expense

A. This account shall include all commissions and expenses incurred in connection with the original issuance and sale of capital stock including additional capital stock of a certain class or series as well as first issues.

B. When any issue of capital stock, or portion thereof, has been retired, there shall be credited to this account the balance herein in respect of such retired stock. (See balance sheet instruction 5.)

C. The utility may amortize the balance carried in this account by charges to account 414, Miscellaneous Debits to Surplus.

Note—There shall not be included in this account expenses in connection with the reacquisition or resale of the utility's capital stock.

VI. REACQUIRED SECURITIES

152. Reacquired Capital Stock

A. This account shall include the par value of capital stock actually issued by the utility and reacquired by it and not retired or cancelled, except, however, stock which is held by trustees in sinking or other funds. Stock without par

value shall be included in this account at the proportionate amount at which the particular class and series of stock is included in account 200, Common Capital Stock, or account 201, Preferred Capital Stock.

B. The difference between the amount at which capital stock is included in this account and the amount paid by the utility for such stock, including commissions and expenses paid in connection with the reacquisition, shall be debited or credited at the time of acquisition, to account 270, Capital Surplus, provided, however, that debits shall be charged to account 414, Miscellaneous Debits to Surplus, if the amounts thereof exceed the balance in capital surplus.

C. When reacquired capital stock is resold by the utility, the par value (or amount included in this account for stock without par value) of the stock resold shall be credited to this account and the difference between such amount and the amount received by the utility from the resale, less commissions and expenses incurred in the resale, shall be accounted for as outlined in paragraph B, above.

D. This account shall be maintained or supported in such manner as to show the amount herein applicable to each class and series of stock.

153. Reacquired Long-term Debt

A. This account shall include the par or face value of bonds or other long-term debt actually issued or assumed by the utility and reacquired by it and held under conditions which do not permit the utility to treat such securities as paid, retired, or cancelled but which permit the resale of the securities. It shall not include securities which are held by trustees in sinking or other funds.

B. When the securities are reacquired, the difference between par or face value, adjusted for unamortized discount, expense or premium, and the amount paid upon reacquisition, shall be debited or credited, as appropriate, to accounts 414, Miscellaneous Debits to Surplus, or 401, Miscellaneous Credits to Surplus. (See balance sheet instruction 6.)

C. This account shall be maintained or supported in such manner as to show the amount herein applicable to each class and series of long-term debt.

VII. CAPITAL STOCK

200. Common Capital Stock

201. Preferred Capital Stock

A. These accounts shall include the par value; the stated value of stock without par value if such stock has a stated value and, if not, the cash value of the consideration received for such non-par stock, of each class of capital stock actually issued and actually outstanding, and also the capital stock in account 152, Reacquired Capital Stock.

B. When the actual cash value of the consideration received is more or less than the par or stated value of any stock having a par or stated value, the difference shall be credited or debited, as the case may be, to the discount or premium account for the particular class and series.

C. When capital stock is retired and cancelled, these accounts shall be charged with the amount at which such stock is carried herein.

D. A separate ledger account, with a descriptive title, shall be maintained for each class and series of stock. The supporting records shall show the shares nominally issued, actually issued and nominally outstanding.

Note—Where a levy or assessment, except a call for payment on subscriptions, is made against holders of capital stock, the amount collected upon such levy or assessment shall be credited to account 203, Premiums and Assessments on Capital Stock.

202. Stock Liability for Conversion

A. This account shall include the par value, the stated value of stock without par value if such stock has a stated value and, if not, the cash value of the consideration for such non-par stock, of capital stock which the utility has agreed to exchange for outstanding securities of other companies in connection with the acquisition of properties of such companies under terms which allow the holders of the securities of the other companies to surrender such securities and receive in return therefor capital stock of the accounting utility.

B. When the securities of the other companies have been surrendered, this account shall be charged and account 200, Common Capital Stock, or account 201, Preferred Capital Stock, as the case may be, shall be credited.

C. The records shall be so kept as to show separately the stocks of different classes and series for which liability may exist.

203. Premiums and Assessments on Capital Stock

A. This account shall include the excess of the actual cash value of the consideration received over the par or stated value, and accrued dividends, of stock issued, together with assessments against stockholders representing payments required in excess of par or stated values.

B. A separate account shall be maintained for premiums and assessments on each class and series of stock.

C. When capital stock is retired and cancelled, the amount in this account with respect to the shares of such stock retired and cancelled shall be debited hereto. (See balance sheet instruction 5.)

204. Capital Stock Subscribed

A. This account shall include the amount of legally enforceable subscriptions to capital stock of the utility. It shall be credited with the par or stated value, or with the subscription price, in the case of stock without par or stated value, exclusive of accrued dividends, if any. Concurrently, a debit shall be made to account 127, Subscriptions to Capital Stock, for the agreed price and any discount or premium shall be debited or credited to the appropriate discount or premium account. When properly executed stock certificates have been issued representing the shares subscribed, this account shall be debited and account 200, Common Capital Stock, or account 201, Preferred Capital Stock, shall be credited with the par or stated value of such stock.

B. The records shall be kept in such manner as to show the amount of subscriptions to each class and series of stock.

205. Installments Received on Capital Stock

A. This account shall include the amount of installments received on capital stock on a partial or installment payment plan from subscribers who are not bound by a legally enforceable subscription contract.

B. As subscriptions are paid in full and certificates issued, this account shall be charged and account 200, Common Capital Stock, account 201, Preferred Capital Stock, or account 152, Reacquired Capital Stock, as appropriate, credited with the par or stated value of such stock. Any discount or premium on the original issue shall be included in the appropriate discount or premium account.

C. The records shall be kept in such manner as to show the amount of installments received on each class and series of stock.

VIII. LONG-TERM DEBT

210. Bonds

A. This account shall include the face value of the actually issued and unmatured bonds, which have not been retired or cancelled; also the face value of such bonds issued by others, the payment of which has been assumed by the utility.

B. This account shall be so kept or supported as to show the face value of (1) nominally issued bonds, (2) nominally outstanding bonds and (3) actually outstanding bonds of each class and series.

Note A—For instructions relative to accounting for discount, expense and premium on long-term debt, see balance sheet instruction 6.

Note B—Matured long-term debt shall be included in account 225 Matured Long-term Debt.

211. Receivers' Certificates

A. This account shall include the face value of certificates of indebtedness issued by receivers in possession of the property and acting under the orders of a court.

B. Separate subdivisions shall be maintained for each issue of receivers' certificates.

212. Advances from Affiliated Interests

A. This account shall include the face value of notes owed to affiliated interests and the amount of open book accounts representing advances from affiliated interests.

B. This account shall be subdivided as follows:

212-1 Advances on Notes.

212-2 Advances on Open Accounts.

Note A—The records supporting the entries to this account shall be so kept that the utility can furnish complete information concerning each note and open account.

Note B—Notes and open accounts representing indebtedness subject to current settlement shall be included in account 223, Payables to Affiliated Interests.

213. Miscellaneous Long-term Debt

A. This account shall include until maturity, all long-term debt not otherwise provided for. This covers such items as real estate mortgages, executed or assumed, assessments for public improvements, notes and unsecured certificates of indebtedness not owned by affiliated interests, receipts outstanding for long-term debt, and other obligations maturing more than one year from date of issue or assumption. (See balance sheet instruction 3.)

B. Separate accounts shall be maintained for each class of obligation, and records shall be maintained to show separately for each class all details as to date of obligation, date of maturity, interest dates and rates, security for the obligation, etc.

IX. CURRENT AND ACCRUED LIABILITIES

220. Notes Payable

This account shall include the face value of all notes, drafts, acceptances, or other similar evidences of indebtedness, payable on demand or which by their terms are payable within a time not exceeding one year from the date of issue to other than affiliated interests. (See balance sheet instruction 3.)

221. Notes Receivable Discounted

This account shall include the face value of notes receivable discounted or sold without releasing the utility from liability as endorser thereon.

222. Accounts Payable

This account shall include all amounts payable by the utility within one year, and which are not provided for in other accounts.

223. Payables to Affiliated Interests

This account shall include amounts owed to affiliated interests on notes, drafts, acceptances, or other similar evidences of indebtedness, and open accounts payable on demand or not more than one year from date of issue or creation. This account shall be subdivided as follows:

223-1 Notes Payable to Affiliated Interests.

223-2 Accounts Payable to Affiliated Interests.

Note—Exclude from this account notes and accounts which are includible in account 212, Advances from Affiliated Interests.

224. Dividends Declared

This account shall include the amount of dividends which have been declared but not paid. Dividends shall be credited to this account when they become a liability.

225. Matured Long-term Debt

This account shall include the amount of long-term debt (including any obligation for premiums) matured and unpaid, without specific agreement for extension of the time of payment; it shall also include bonds called for redemption but not presented.

226. Matured Interest

This account shall include the amount of matured interest on long-term debt or other obligations of the utility at the date of the balance sheet unless such interest is added to the principal of the debt on which incurred.

227. Customers' Deposits

This account shall include all amounts deposited with the utility by customers as security for the payment of bills.

228. Taxes Accrued

A. This account shall be credited during each accounting period with the amount of taxes accrued during the period, corresponding debits being made to the appropriate accounts for tax charges. Such credits may be based upon estimates, but from time to time during the year as the facts become known, the amount of the periodic credits shall be adjusted so as to include as nearly as can be determined in each year the taxes ap-

plicable thereto. Any amount representing a prepayment of taxes applicable to the period subsequent to the date of the balance sheet shall be shown under account 132, Prepayments.

B. The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount, by classes, of taxes accrued, the basis for each tax accrual and the accounts to which charged, and the amount, by classes, of taxes paid.

229. Interest Accrued

There shall be reported by this caption the balances included in accounts 229-1 and 229-2.

229-1 Interest Accrued on Long-term Debt

This account shall include the amount of interest accrued on the long-term debt of the utility except interest on advances from affiliated interests. This account shall not include any interest which is added to the principal of the debt on which incurred.

229-2 Interest Accrued on Other Liabilities

This account shall include the amount of interest accrued on liabilities of the utility other than long-term liabilities. This account shall not include any interest which is added to the principal of the debt on which incurred.

230. Other Current and Accrued Liabilities

This account shall include the current and accrued liabilities not provided for elsewhere.

X. DEFERRED CREDITS

240. Unamortized Premium on Debt

This caption shall include the total of the credit balances of the discount, expense and premium accounts, for all classes of long-term debt, including receivers' certificates. (See balance sheet instruction 6.)

241. Customers' Advances for Construction

This account shall include such advances by customers for construction as are to be refunded either wholly or in part

When a customer is refunded the entire amount to which he is entitled, according to the agreement or rule under which the advance was made, the balance, if any, remaining in the account shall be transferred to account 265, Contributions in Aid of Construction.

242. Other Deferred Credits

This account shall include advanced billings and receipts and other deferred credit items, not provided for elsewhere; also amounts which cannot be entirely cleared or disposed of until additional information has been received or which should be credited to income or to surplus accounts in the future.

243. Prepaid Line Extension Revenues—Oregon

When payment is made for service to be rendered in future months under the Commissioner's "Rural Line Extension Rules" such payment shall be credited to this account. As the development period expires for which payment is made, this account shall be charged and the appropriate revenue account (ordinarily Account 601) credited for the amount applicable to the current month.

XI. RESERVES

250. Reserve for Depreciation of Utility Plant

A. This account shall be credited with the following:

Amounts charged to account 503, Depreciation, to account 508, Income from Utility Plant Leased to Others, to clearing accounts, or to income or other accounts, for currently accruing depreciation.

Amounts charged to account 414, Miscellaneous Debits to Surplus, for past accrued depreciation.

Amounts of depreciation applicable to utility properties acquired as operating units or systems. (See utility plant instruction 4.)

Amounts chargeable upon approval of the Commission to account 141, Extraordinary Property Losses.

Amounts of depreciation applicable to utility plant donated to the utility.

B. At the time of retirement of depreciable utility plant in service, this account shall be charged with the book cost of the property retired and the cost of removal, and shall be credited with the salvage value and any other amounts recovered, such as insurance.

C. The credits and debits to the reserve shall be so made as to show separately (1) the amount of the accrual for depreciation, (2) the book cost of property retired, (3) cost of removal, (4) salvage, and (5) other items, including recoveries from insurance.

D. When transfers of property are made from one utility plant account to another or from or to non-utility property, the accounting shall be as provided in utility plant instruction 14.

E. This account shall be subdivided as follows:

250-1 Reserve for Depreciation of Utility Plant in Service.

250-2 Reserve for Depreciation of Utility Plant Leased to Others.

250-3 Reserve for Depreciation of Utility Plant Held for Future Use.

F. Not later than two years after the effective date of this system of accounts each utility shall have completed the studies necessary for classifying its Reserve for Depreciation as of the effective date of this system of accounts, in accordance with the subdivisions prescribed herein (see paragraph E of this account and General Instruction 13, Segregation of Accounts by States, Operating Divisions or Districts), and it shall submit to the Commissioner the entries it proposes to make to carry out the provisions of this instruction. Pending the completion of such studies the balance in the reserve at the effective date of this system of accounts may be carried on the utility's books in accordance with the present practice of the utility with respect to such reserve account.

G. The utility is restricted in the use of the reserve to the purposes set forth above. It shall not divert any portion of the reserve to surplus or make any other use thereof without the approval of the Commissioner.

251. Reserve for Amortization of Limited-term Utility Investments

A. This account shall be concurrently credited with amounts charged to account 504, Amortization of Limited-term Utility Investments, or with appropriate amounts charged to account 508, Income from Utility Plant Leased to Others.

B. This account shall also be credited with such amounts as are necessary to reflect, as of the effective date of this system of accounts, the expired portion of the life of franchises, licenses, patent rights, and limited-term interests in land and land rights; or other intangible utility property which has a terminable life, the cost of which is included in utility plant. To the extent that provision has not previously been made for amortization of limited-term utility investments, amounts credited to this reserve shall be concurrently debited to account 414, Miscellaneous Debits to Surplus.

C. When any franchise, license, patent right, limited-term interest in land or land right expires, is sold, relinquished or otherwise retired from service, this account shall be charged with the amount previously credited in respect to such property. The book cost of the property so retired less the amount chargeable to this account and less the proceeds realized at retirement shall be included in the appropriate surplus account.

D. Records shall be maintained so as to show separately the balance applicable to each item of intangible property which is being amortized.

E. This account shall be subdivided as follows:

251-1 Reserve for Amortization of Limited-term Utility Investments—Utility Plant in Service.

251-2 Reserve for Amortization of Limited-term Utility Investments—Utility Plant Leased to Others.

251-3 Reserve for Amortization of Limited-term Utility Investments—Utility Plant Held for Future Use.

252. Reserve for Amortization of Utility Plant Acquisition Adjustments

A. This account shall be credited or debited with amounts which the Commission may approve or direct to be charged or credited to account 505, Amortization of Utility Plant Acquisition Adjustments, to account 537, Miscellaneous Amortization

or to surplus for the purpose of providing for the extinguishment of amounts in account 100-5, Utility Plant Acquisition Adjustments.

253. Reserve for Depreciation and Amortization of Other Property

This account shall include the depreciation and amortization reserves applicable to property other than utility plant.

254. Reserve for Uncollectible Accounts

A. This account shall be credited each month with amounts reserved for losses on accounts receivable which may become uncollectible, and also with collections on accounts previously charged hereto. Concurrent charges shall be made to account 783, Uncollectible Accounts, for amounts applicable to utility operations, and to corresponding accounts for other operations.

B. This account shall be subdivided as follows:

254-1 Utility Service.
254-2 Merchandising.
254-3 Affiliated Interests.
254-4 Officers and Employes.
254-5 Other.

C. The utility is restricted in the use of the reserve to the purposes set forth above. It shall not divert any portion of the reserve to surplus or make any other use thereof without the approval of the Commissioner.

Note: Accretions to this reserve shall not be made in excess of a reasonable provision against losses of the character provided for.

255. Insurance Reserve

A. This account shall include amounts reserved by the utility for self-insurance against losses through accident, fire, flood, or other hazards to its own property or property leased from others. The amounts charged to account 798, Insurance, or other appropriate accounts to cover such risks shall be credited to this account. A schedule of risks covered by this reserve shall be maintained, giving a description of the property involved, the character of the risks covered and the rates used

B. Charges shall be made to this account for losses covered by self-insurance.

Note A—Accretions to this reserve shall not be made in excess of a reasonable provision against losses of the character provided for.

Note B—Any excess balance in this reserve built up by charges to construction shall be credited to the appropriate construction account at the time construction is completed.

256. Injuries and Damages Reserve

A. This account shall be credited with amounts charged to account 799, Injuries and Damages, or other appropriate accounts, to meet the probable liability, not covered by insurance, for deaths or injuries to employes and others, and for damages to property not owned or held under lease by the utility.

B. When liability for any injury or damage is admitted by the utility either voluntarily or because of the decision of a court or other lawful authority, such as a workmen's compensation board, the admitted liability shall be charged to this account and credited to the appropriate liability account.

Note A—Recoveries or reimbursements for losses charged to this account shall be credited hereto; the cost of repairs to property of others if provided for herein, shall be charged to this account.

Note B—Accretions to this reserve shall not be made in excess of a reasonable provision against losses of the character provided for.

Note C—Any excess balance in this reserve built up by charges to construction shall be credited to the appropriate construction account at the time construction is completed.

257. Employes' Provident Reserve

A. This account shall include provision which has been made by operating expense charges, or by specific appropriations of income or surplus, and by amounts contributed by employes (whether carried in special funds or in the general funds of the utility) for pensions, accident and death benefits, savings, relief, hospital and other provident purposes.

B. This account shall include also the amounts accrued for pensions through charges to account 800, Employes' Welfare Expenses and Pensions. Amounts so credited shall, when actually paid to retired employes or paid into a trust fund irrecovably devoted to the payment of pensions, be charged hereto.

C. Separate accounts shall be kept for each kind of reserve included herein.

258. Other Reserves

There shall be reported by this caption the balances in accounts 258-1 and 258-2.

258-1 Amortization Reserve—Federal

This account shall be credited with such amounts as are appropriated or set aside by the utility from surplus earnings for amortization purposes in accordance with the requirements of a federal regulatory body; also the interest derived from the "Amortization Fund—Federal," or income from investments belonging to such fund.

258-2 Miscellaneous Reserves

A. This account shall include all reserves maintained by the utility which are not provided for elsewhere in this system of accounts.

B. This account shall be maintained in such manner as to show the amount of each separate reserve and the nature and amounts of the debits and credits thereto.

XII. CONTRIBUTIONS IN AID OF CONSTRUCTION

265. Contributions in Aid of Construction

A. This account shall include donations or contributions in cash, services, or property from states, municipalities or other governmental agencies, individuals, and others for construction purposes.

B. The credits to this account shall not be transferred to surplus account or to any other account without the approval of the Commission.

C. The records supporting the entries to this account shall be so kept that the utility can furnish information as to the purpose of each donation, the conditions, if any, upon which it was made, and the amount of donations from (a) states, (b) municipalities, (c) customers, and (d) others.

Note—There shall not be included in this account advances for construction which are ultimately to be repaid wholly or in part. Such advances shall be credited to account 241, Customers' Advances for Construction.

XIII. SURPLUS

270. Capital Surplus

A. This account shall include all surplus not classified herein as earned surplus. It shall include credits from sales by the utility of its reacquired capital stock, surplus arising from the retirement and cancelation of the utility's capital stock, from donations by stockholders of the utility's capital stock, from a reduction of the par or stated value of the utility's capital stock, from the forgiveness of debt of the utility, also surplus recorded at a reorganization or in connection with a recapitalization.

B. This account shall be maintained in such a manner as to permit a ready analysis of the charges and credits hereto.

271. Earned Surplus

This account shall include the balance, either debit or credit of unappropriated surplus arising from earnings. It shall not include surplus includible in account 270, Capital Surplus.

INSTRUCTIONS—UTILITY PLANT ACCOUNTS

1. Purpose of Utility Plant Accounts

A. The summary utility plant accounts are as follows:

100 Utility Plant.

- 100-1 Utility Plant in Service.
- 100-2 Utility Plant Leased to Others.
- 100-3 Construction Work in Progress.
- 100-4 Utility Plant Held for Future Use.
- 100-5 Utility Plant Acquisition Adjustments.
- 100-6 Utility Plant in Process of Reclassification.

107 Utility Plant Adjustments.

B. Account 100 is a caption by which shall be reported the amounts in accounts 100-1 to 100-6, inclusive.

C. Accounts 100-1 to 100-4, inclusive, are designed to show the original cost of utility plant acquired as operating units or systems by purchase, merger, consolidation, liquidation or otherwise, and the cost to the utility of all other utility plant recorded in these accounts.

D. Account 100-5 is designed to show the difference between the cost to the utility of utility plant acquired as operating units or systems by purchase, merger, consolidation, liquidation or otherwise and the original cost of the plant, due consideration being given to any depreciation or amortization recorded by the accounting utility at the date of acquisition.

E. Account 100-6 is designed to be used as a control account for utility plant at the effective date of this system of accounts pending the distribution thereof in accordance with the accounts prescribed herein.

F. Account 107 is designed to show the amount by which the book cost of utility plant at the effective date of this system of accounts differs from the cost of the plant to the utility when the difference is not properly includible in other accounts. It shall include all write-ups in the books as of the effective date of this system of accounts.

Note—See balance sheet accounts 100 and 107.

2. Classification of Utility Plant at Effective Date of System of Accounts

A. Each utility shall classify its utility plant as of the effective date of this system of accounts in accordance with the utility plant accounts prescribed herein. The classification shall be so made as to show both the original cost and the cost to the utility of its utility plant.

B. The cost to the utility of its utility plant shall be ascertained by analysis of the utility's records. In ascertaining the cost it is not intended that any correction need be made for depreciation or amortization applicable to operating units or systems previously acquired, whether or not such depreciation or amortization was recorded in the books of the accounting utility. It is likewise not intended that adjustments shall be made to record in utility plant accounts amounts previously charged to operating expenses in accordance with the uniform system of accounts in effect at the time or in accordance with the discretion of management as exercised under such uniform system of accounts.

C. The detailed utility plant accounts (301 to 390, inclusive) shall be stated on the basis of cost to the utility of plant constructed by it and the original cost, estimated if not known, of plant acquired as an operating unit or system. The difference between the original cost, as above, and the cost to the utility of plant includible in accounts 100-1 to 100-4, inclusive, after giving effect to any depreciation or amortization recorded by the accounting utility at the time of acquisition, shall be recorded in account 100-5, Utility Plant Acquisition Adjustments. The original cost of utility plant may be determined by analysis of the utility's records or those of predecessor or vendor companies with respect to utility plant previously acquired as operating units or systems and the difference between the original cost so determined and the cost to the utility, with adjustments for retirements from date of acquisition to the effective date of this system of accounts, shall be entered in account 100-5, Utility Plant Acquisition Adjustments. When practicable, amounts recorded in account 100-5 shall be classified according to the nature of the items of which composed. Any difference between the cost of utility plant and its book cost, when not properly includible in other accounts, shall be recorded in account 107, Utility Plant Adjustments.

D. Not later than two years after the effective date of this system of accounts, each utility shall have completed the studies necessary for classifying its utility plant as of the effective date of this system of accounts in accordance with the accounts prescribed herein and it shall submit to the Commission the entries it proposes to make to carry out the provisions of this instruction. It shall submit, also, a comparative balance sheet showing the accounts and amounts appearing in its books as of the effective date of this system of accounts and the accounts and respective amounts as of the same date after the proposed entries shall have been made.

E. Pending the classification of utility plant at the effective date of this system of accounts in accordance with the accounts prescribed herein, each utility shall maintain its present accounts with respect to such property as subaccounts of account 100-6, Utility Plant in Process of Reclassification.

3. Utility Plant To Be Recorded at Cost

A. All amounts included in the accounts for tangible utility plant consisting of plant acquired as an operating unit or system shall be stated at the original cost incurred by the person who first devoted the property to utility service. All other tangible untility plant shall be included in the accounts at the cost incurred by the utility.

B. All amounts included in the accounts for intangible utility plant shall likewise be stated on the basis provided in paragraph A above except as otherwise provided in the texts of the intangible accounts.

C. Where the term "cost" is used in the detailed utility plant accounts, it shall have the meaning stated in paragraphs A and B above and shall include not only the materials, supplies, labor, services and other items consumed or employed in the construction and installation of utility plant, but also the cost of preliminary studies, plans, surveys, engineering, supervision, and general expenses, which contribute directly and immediately to utility plant without duplication of such costs.

D. When the consideration given for property is other than cash, the value of such consideration shall be determined on a cash basis. In the entry recording such transaction, the actual

consideration shall be described with sufficient particularity to identify it. The utility shall be prepared to furnish the Commission the particulars of its determination of the cash value of the consideration, if other than cash.

E. When property is purchased under a plan involving deferred payments, no charge shall be made to the utility plant accounts for interest, insurance, or other expenditures occasioned solely by such form of payment.

F. Utility plant contributed to the utility or constructed by it from contributions to it of cash or its equivalent shall be charged to the utility plant accounts at original cost. There shall be credited to the depreciation and amortization reserve accounts the estimated amount of depreciation and amortization applicable to the property at the time of its contribution to the utility. The difference between the amounts included in the utility plant accounts and the reserve accounts shall be credited to account 265, Contributions in Aid of Construction.

Note—Amounts received for construction which are ultimately to be refunded wholly or in part, shall be credited to account 241, Customers' Advances for Construction. When the amount to be refunded has been finally determined any credit balance remaining in account 241, shall be credited to account 265 Contributions in Aid of Construction.

4. Utility Plant Purchased

A. When utility plant constituting an operating unit or system is acquired by purchase, merger, consolidation, liquidation, or otherwise, after the effective date of this system of accounts, the cost of acquisition, including expenses incidental thereto and properly includible in utility plant, shall be charged to account 100-1, Utility Plant in Service, subaccount 391, Utility Plant Purchased.

B. The accounting for the acquisition shall then be completed as follows:

(1) The original cost, estimated if not known, shall be credited to account 100-1, Utility Plant in Service, subaccount 391, Utility Plant Purchased, and concurrently charged to account 100-1, Utility Plant in Service, account 100-2 Utility Plant Leased to Others, account 100-3, Construction Work in Progress, account 100-4, Utility Plant Held for Future Use, as appropriate, and distributed to the detailed accounts which they control.

(2) The depreciation and amortization reserve requirements applicable to the original cost of the properties purchased shall be charged to account 100-1, Utility Plant in Service, subaccount 391, Utility Plant Purchased, and concurrently credited to account 250, Reserve for Depreciation of Utility Plant, and account 251, Reserve for Amortization of Limited-term Utility Investments, as required by the Commissioner's order approving such purchase.

(3) The amount remaining in account 391, Utility Plant Purchased, shall then be closed to account 100-5, Utility Plant Acquisition Adjustments.

C. A memorandum record shall be kept of the amount of contributions in aid of construction applicable to the property acquired as shown by the accounts of the previous owner.

D. When any property acquired as an operating unit or system includes duplicate or other utility plant which will be retired by the accounting utility in the reconstruction of the acquired property or its consolidation with the previously owned property, the accounting for such property shall be presented to the Commission for consideration and approval.

E. If property acquired in the purchase of an operating unit or system is in such physical condition when acquired that it is necessary substantially to rehabilitate it in order to bring the property up to the standards of the utility; the cost of such work, except replacements, shall be accounted for as a part of the purchase price of the property.

F. In connection with the acquisition of utility plant constituting an operating unit or system, the utility shall procure, if possible, all exising records relating to the property acquired or certified copies thereof, and shall preserve such records in accordance with the rules and regulations of the Commissioner governing the preservation and destruction of records of Class A, B and C utilities.

Note—In case of mergers or consolidations occurring prior to the determination of original cost of the plant of the merging or consolidating utilities, the accounts of the constituent utilities, with the approval of the Commission, may be combined. In the event original cost has not been determined, the resulting utility shall proceed to determine such cost as outlined herein.

5. Components of Construction Cost

The cost of construction properly includible in the utility plant accounts shall include, where applicable, the direct and overhead costs as listed and defined hereunder:

(1) "Contract work" includes amounts paid for work performed under contract by other companies, firms, or individuals, costs incident to the award of such contracts, and the inspection of such work. It does not include the cost of work performed by the utility on the project, a part of which is performed by others under contract.

(2) "Labor" includes the pay and expenses of employes of the utility engaged on construction work, and also workmen's compensation insurance, pay roll taxes and similar items of expense. It does not include the pay and expenses of employes which are distributed to construction through clearing accounts nor the pay and expenses included in other items hereunder.

(3) "Materials and supplies" includes the purchase price at the point of free delivery plus customs duties, excise taxes, the cost of inspection, loading and transportation, the related stores expenses, and the cost of fabricated materials from the utility's shop. In determining the cost of materials and supplies used for construction, proper allowance shall be made for unused materials and supplies, for materials recovered from temporary structures used in performing the work involved, and for discounts allowed and realized in the purchase of materials and supplies.

Note—The cost of individual items of equipment of small value (for example, $10 or less) or of short life, including small portable tools and implements, shall not be charged to utility plant accounts unless the correctness of the accounting therefor is verified by current inventories. The cost may be charged to the appropriate operating expense or clearing accounts according to the use of such items, or, if such items are consumed directly in construction work, the cost shall be included as part of the cost of the construction unit.

(4) "Transportation" includes the cost of transporting employes, materials and supplies, tools, purchased equipment, and other work equipment (when not under own power) to and from points of construction. It includes amounts paid to others as well as the cost of operating the utility's own transportation equipment. (See item 5 following.)

(5) "Special machine service" includes the cost of labor (optional), materials and supplies, depreciation, and other expenses incurred in the maintenance, operation and use of special machines, such as steam shovels, pile drivers, derricks, ditchers, scrapers, material unloaders, and other labor-saving machines; also expenditures for rental, maintenance and operation of machines of others. It does not include the cost of small tools and other individual items of small value or short life which are included in the cost of materials and supplies. (See item 3, above.) When a particular construction job requires the use for an extended period of time of special machines, transportation or other equipment, the net book cost thereof, less the appraised or salvage value at time of release from the job, shall be included in the cost of construction.

(6) "Shop service" includes the proportion of the expense of the utility's shop department assignable to construction work, except that the cost of fabricated materials from the utility's shop shall be included in "materials and supplies".

(7) "Protection" includes the cost of protecting the utility's property from fire or other casualties and the cost of preventing damages to others, or to the property of others, including payments for discovery or extinguishment of fires, cost of apprehending and prosecuting incendiaries, witness fees in relation thereto, amounts paid to municipalities and others for fire protection, and other analogous items of expenditures in connection with construction work.

(8) "Injuries and damages" includes expenditures or losses in connection with construction work on account of injuries to persons and damages to the property of others; also the cost of investigation of and defense against actions for such injuries and damages. Insurance recovered or recoverable on account of compensation paid for injuries to persons incident to construction shall be credited to the account or accounts to which such compensation is charged. Insurance recovered or recoverable on account of property damages incident to construction shall be credited to the account or accounts charged with the cost of the damages.

(9) "Privileges and permits" includes payments for and expenses incurred in securing temporary privileges, permits or rights in connection with construction work, such as for the use of private or public property, streets, or highways, but it does not include rents, or amounts chargeable as franchises and consents for which see account 302, Franchises and Consents.

(10) "Rents" includes amounts paid for the use of construction quarters and office space occupied by construction forces and amounts properly includible in construction costs for such facilities jointly used.

(11) "Engineering and supervision" includes the portion of the pay and expenses of engineers, surveyors, draftsmen, inspectors, superintendents and their assistants applicable to construction work.

(12) "General administration capitalized" includes the portion of the pay and expenses of the general officers and administrative and general expenses applicable to construction work.

(13) "Engineering services" includes amounts paid to other companies, firms or individuals engaged by the utility to plan, design, prepare estimates, supervise, inspect, or give general advice and assistance in connection with construction work. A copy of the agreement or arrangement under which such services are rendered shall be preserved.

(14) "Insurance" includes premiums paid or amounts provided or reserved as self-insurance for the protection against loss and damages in connection with construction by fire or other casualty, injury to or death of persons other than employes, damages to property of others, defalcation of employes and agents, and the non-performance of contractual obligations of others. It does not include workmen's compensation or similar insurance on employes included as "labor" in item 2, above.

(15) "Law expenditures" includes the general law expenditures incurred in connection with construction and the court and legal costs directly related thereto, other than law expenses included in protection, item 7, and in injuries and damages, item 8.

(16) "Taxes" includes taxes on physical property (including land) during the period of construction and other taxes properly includible in construction costs before the facilities become available for service.

(17) "Interest during construction" includes the net cost of borrowed funds used for construction purposes and a reasonable rate upon the utility's own funds when so used. Interest during construction shall be charged to the individual job upon which the funds are expended and shall be credited to account 536, Interest Charged to Construction—Cr. The period for which interest may be capitalized shall be limited to the period of construction. In case construction work is suspended prior to completion of the project interest charges upon the uncompleted portion thereof may not be capitalized for more than six months thereafter, except upon order of the Commissioner. No interest charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

Note—When a part only of a plant or project is placed in operation or is completed and ready for service but the construction work as a whole is incomplete, that part of the cost of the property placed in operation, or ready for service, shall be treated as "Utility Plant in Service" and interest thereon as a charge to construction shall cease. Interest on that part of the cost of the plant which is incomplete may be continued as a charge to construction until such time as it is placed in operation or is ready for service, except as limited in item 17, above.

(18) "Earnings and expenses during construction." The earnings and expenses during construction shall constitute a component of construction costs.

(a) The earnings shall include revenues received or earned for power produced by generating plants during the construction period and sold or used by the utility. Where such power is sold to an independent purchaser before intermingling with power generated by other plants, the credit shall consist of the selling price of the energy. Where the power generated by a plant under construction is delivered to the utility's electric system for distribution and sale or is delivered to an affiliated interest, or is delivered to and used by the utility for purposes other than distribution and sale (for manufacturing or industrial use, for example), the credit shall be the fair value of the energy so delivered. Such rate for

energy so delivered shall have first received the approval of the Commissioner. The revenues shall also include rentals for lands, buildings, etc., and miscellaneous receipts not properly includible in other accounts.

(b) The expenses shall consist of the cost of operating the power plant, and other costs incident to the production and delivery of the power for which construction is credited under paragraph (a), above, including the cost of repairs and other expenses (but not taxes) of operating and maintaining lands, buildings, and other property, and other miscellaneous and like expenses not properly includible in other accounts.

6. Overhead Construction Costs

A. All overhead construction costs, such as engineering, supervision, general office salaries and expenses, construction engineering and supervision by others than the accounting utility, law expenses, insurance, injuries and damages, relief and pensions, taxes and interest, shall be charged to particular jobs or units on the basis of the amounts of such overheads reasonably applicable thereto, to the end that each job or unit shall bear its equitable proportion of such costs and that the entire cost of the unit, both direct and overhead, shall be deducted from the utility plant accounts at the time the unit of property is retired.

B. The instructions contained herein shall not be interpreted as permitting the addition to utility plant accounts of arbitrary percentages or amounts to cover assumed overhead costs, but as requiring the assignment to particular jobs and accounts of actual and reasonable overhead costs.

C. The records supporting the entries for overhead construction costs shall be so kept as to show the total amount of each overhead for each year, the nature and amount of each overhead expenditure charged to each construction work order and to each utility plant account, and the bases of distribution of such costs.

Note. See General Instruction 10, Distribution of Pay and Expenses of Employes.

7. Leased Property, Expenditures on

A. Except as provided in paragraph B, following, the cost of initial improvements (including repairs, rearrangements,

ditions and betterments) to property leased from others made in the course of preparing the property for service, and the cost of any subsequent additions or betterments to such leased property shall be charged to the utility plant or other property account appropriate for the class of property leased. (See account 100-1 and operating expense instruction 5.)

B. When the initial improvements to leased property which are otherwise chargeable to utility plant or other property accounts are of relatively minor cost or short life or the lease is for a period of not more than one year, the cost shall be charged to the account in which the rent expense is included.

8. Temporary Facilities

When property ordinarily having a service life of more than one year is installed for temporary use in utility service, it shall be accounted for in the manner prescribed for utility plant in service.

9. Land and Land Rights

A. "Land and land rights" means land owned in fee by the utility and rights, interests, and privileges held by the utility in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, submersion rights, rights of way, and other like interests in land.

B. The accounts for land and land rights shall include the first cost, including the amounts of mortgages or other liens assumed, but not rents payable periodically with respect to such rights.

C. Where special assessments for public improvements provide for deferred payments, the full amount of the assessments shall be charged to the appropriate land account and the unpaid balance shall be carried in an appropriate liability account. Interest on unpaid balances shall be charged to the appropriate interest account. If any part of the cost of public improvements is included in the general tax levy, the amount thereof shall be charged to the appropriate tax account.

D. The net profit from the sale of timber, cordwood, structures or other property acquired with rights of way or other lands shall be credited to the appropriate land and land rights or clearing land account.

E. Separate entries shall be made for the acquisition, transfer, or retirement of each parcel of land, and each land right, or water right, having a life of more than one year. A record shall be maintained showing the nature of ownership, full legal description, area, map reference, purpose for which used, city, county, and tax district in which situated, from whom purchased or to whom sold, payment given or received, other costs, contract date and number, date of recording of deed, and book and page of record. Entries transferring or retiring land or land rights shall refer to the original entry recording its acquisition.

F. Any difference between the amount received from the sale of land or land rights, less agents' commissions and other costs incident to the sale, and the book cost of such land or rights, shall be charged to account 414, Miscellaneous Debits to Surplus, or credited to account 401, Miscellaneous Credits to Surplus, as appropriate unless a reserve therefor has been authorized and provided. Appropriate adjustments of the accounts shall be made with respect to any structures or improvements located on land sold.

G. Entries to the utility plant accounts for limited-term interests in land shall make specific reference to the lease, contract or arrangement under which each interest is held or used, together with a concise statement of the terms of the lease, contract or arrangement.

H. The cost of buildings and other improvements (other than public improvements) shall not be included in the land accounts. If at the time of acquisition of an interest in land such interest extends to buildings or other improvements (other than public improvements), which are then devoted to utility operations, the land and improvements shall be separately appraised and the cost allocated to land and buildings or improvements on the basis of the appraisals. If the improvements are removed or wrecked without being used in operations, the cost thereof and the cost of removing or wrecking shall be charged and the salvage credited to the account in which the cost of the land is recorded.

I. The cost of land acquired in excess of that used in utility operations shall be included in account 110, Other Physical Property, or account 100-4, Utility Plant Held for Future Use, as appropriate.

J. When the purchase of land for utility operations requires the purchase of land not to be used for such purposes, the charge to the specific land account shall be based upon the cost of the land purchased, less the estimated fair market value of that portion of the land which is not used for utility operations. The fair market value of such land not used for utility operations shall be included in account 110, Other Physical Property.

K. When the purchase of land for utility operations requires the purchase of land not to be used for such purpose, but held for such purpose, the charge to the specific land account shall be based upon the estimated cost of only that portion which is used for utility operations, and the cost of the remaining land shall be included in account 100-4, Utility Plant Held for Future Use.

L. Provision shall be made for amortizing amounts carried in the accounts for limited-term interests in land. The amortization of limited-term interests in land shall be accomplished in such manner as to apportion equitably the cost of each interest over the life thereof and to produce a charge to operating expenses, for each accounting period, of the amount properly chargeable thereto for such period: (See account 251, Reserve for Amortization of Limited-term Utility Investments, and account 504, Amortization of Limited-term Utility Investments.)

M. The items of cost to be included in the accounts for land and land rights are as follows:

Bulkheads, buried, not requiring maintenance or replacement.

Cost, first, of acquisition including mortgages and other liens assumed (but not subsequent interest thereon).

Clearing (first cost) the land of brush, trees, and debris; also tree trimming (first cost), when not chargeable to other utility plant accounts.

Condemnation proceedings, including court and counsel costs.

Consents and abutting damages, payment for.

Conveyancers' and notaries' fees.

Fees, commissions and salaries to brokers, agents and others in connection with the acquisition of the land or land rights.

Grading the land, except when directly occasioned by the building of a structure.

Leases, cost of voiding upon purchase to secure possession of land.

Removing, relocating, or reconstructing property of others, such as buildings, highways, railroads, bridges, cemeteries, churches, telephone and power lines, etc., in order to acquire quiet possession.

Special assessments levied by public authorities for public improvements on the basis of benefits for new roads, new bridges, new sewers, new curbing, new pavements, and other public improvements, but not taxes levied to provide for the maintenance of such improvements.

Surveys in connection with the acquisition.

Taxes assumed, accrued to date of transfer of title.

Title, examining, clearing, insuring, and registering in connection with the acquisition and defending against claims relating to the period prior to the acquisition.

10. Structures and Improvements

A. "Structures and improvements" means all permanent buildings and structures to house, support or safeguard property or persons, and improvements of a permanent character on or to land.

B. "Buildings" means permanent structures to house, support or safeguard property or persons, including all fixtures permanently attached to and made a part of buildings and which cannot be removed therefrom without cutting into the walls, ceilings or floors, or without in some way impairing the buildings.

C. "Improvements" means permanent improvements (other than buildings) to land.

D. Items of cost.

(a) Buildings:

Architects' plans.

Ash pits (when located within the building proper).

Boilers, furnaces, piping, wiring, fixtures, and machinery for heating, lighting, signaling, ventilating, and plumbing.

Bulkheads, including dredging, riprap fill, piling, decking, concrete, fenders, etc., when exposed and subject to maintenance and replacement.

Chimneys.

Commissions and fees to brokers, agents, architects and others.

Conduit (not to be removed) with its contents.

Damages to abutting property during construction.

Door checks and doorstops.

Drainage and sewerage systems.

Elevators, cranes, hoists, etc., and the machinery for operating them.

Excavation, including shoring, bracing, bridging, refill, and disposal of excess excavated material.

Fire protection systems when forming a part of a structure.

Floor covering (permanently attached).

Foundations and piers for machinery, constructed as a permanent part of a building or other item listed herein.

Fuel bins and bunkers.

Grading when directly occasioned by the building of a structure.

Leases, voiding upon purchase, to secure possession of structures.

Leased property, expenditures on.

Lighting fixtures.

Painting, first.

Partitions, including movable.

Permits and privileges.

Platforms, railings and gratings when constructed as part of a structure.

Power boards for services to a building.

Refrigerating systems for general use.

Retaining walls.

Scales, connected to and forming a part of a structure.

Screens.

Sprinkling systems.

Stacks—brick, steel, or concrete, when set on foundation, forming part of general foundation and steelwork of a building.

Storage facilities constituting a part of a building.

Storm doors and windows.

Subways, areaways, and tunnels, directly connected to and forming part of a structure.

Tunnels, intake and discharge, when constructed as part of a structure.

Vaults constructed as part of a building.

Water supply system for a building.

Window shades and ventilators.

(b) Other structures and improvements:

Athletic fields.

Docks.

Fences and fence curbs (not including protective fences isolating individual items of equipment, which should be charged to the appropriate equipment account).

Gas and oil supply systems, including pipe lines, holders, boosters, etc.

Intra-site communication system, poles, pole fixtures, wires and cables.

Landscaping, lawns, shrubbery, etc.

Roadways, railroads, bridges, and trestles, intra-site, except railroads provided for in equipment accounts.

Sewer systems, for general use.

Sidewalks, curbs and streets constructed by the utility

Water front improvements.

Water supply piping, hydrants and wells.

Yard drainage system.

Yard lighting system.

Yard surfacing, gravel, concrete, or oil.

Note—The cost of disposing of material excavated in connection with construction shall be considered as a part of the cost of such work, except as follows: (a) When such material is used for filling, the cost of loading, hauling and dumping shall be equitably apportioned between the work in connection with which the removal occurs and the work in connection with which the material is used; (b) when such material is sold, the net amount realized from such sales shall be credited to the work in connection with which the removal occurs. If the amount realized from the sale of excavated materials exceeds the removal costs and the costs in connection with the sale, the excess shall be credited to the land account in which the site is carried.

E. Items not included in buildings.

(1) Do not include in the cost of buildings, lighting, heating, or other fixtures temporarily attached for purposes of display or demonstration.

(2) The cost of specially provided foundations not expected to outlast the machinery or apparatus for which provided, and the cost of angle irons, castings, etc., installed at the base of an item of equipment, shall be charged to the same account as the cost of the machinery, apparatus, or equipment.

(3) Minor buildings and structures, such as valve towers, patrolmen's towers, telephone stations, etc., which are used directly in connection with or form a part of a reservoir, dam, waterway, etc., shall be considered a part of the facility in connection with which constructed or operated and the cost thereof accounted for accordingly.

(4) When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate plant account, and no part to the building account.

(5) Where the structure of a dam forms also the foundation of the power plant building, such foundation shall be considered a part of the dam.

11. Equipment

A. "Equipment" as used in this system of accounts means all tangible utility plant, other than land and structures as herein defined.

B. The cost of equipment, unless otherwise indicated in the text of an equipment account, includes, in addition to the actual price thereof, sales taxes, investigation and inspection expenses necessary to such purchase, expenses of transportation when borne by the utility, labor employed, materials and supplies consumed, and expenses incurred by the utility in unloading and placing the equipment in readiness to operate.

C. Exclude from equipment accounts, hand and other portable tools, which are likely to be lost or stolen or which have relatively small value ($10 or less) or short life, unless the correctness of the accounting therefor is verified by current inventories. Special tools acquired and included in the purchase price of equipment shall be included in the appropriate plant account. Portable drills and similar tool equipment when used in connection with the operation and maintenance of a particular plant or department, such as production, transmission, distribution, etc., or in "stores," shall be charged to the plant account appropriate for their use.

D. The equipment accounts shall include angle irons and similar items which are installed at the base of an item of equipment, but piers and foundations which are designed to be as permanent as the buildings which house the equipment, or which are constructed as a part of the building and which cannot be removed without cutting into the floors or the walls of the building, shall be included in the building accounts.

E. The equipment accounts shall include all the necessary costs of testing or running a plant or part thereof during an experimental or test period prior to becoming available for service. The accounting utility shall furnish the Commission with full particulars of and justification for any test or experimental run extending beyond a period of thirty days.

F. The cost of efficiency or other tests made subsequent to the date equipment becomes available for service shall be charged to the appropriate expense accounts, except that tests to determine whether equipment meets the specifications and

requirements as to efficiency, performance, etc., guaranteed by manufacturers, made after operations have commenced and within the period specified in the agreement or contract of purchase, may be charged to the appropriate utility plant account.

12. Additions and Retirements of Utility Plant

A. For the purpose of avoiding undue refinement in accounting for additions to and retirements and replacements of utility plant, all property shall be considered as consisting of (1) units of property and (2) minor items of property.

B. Units of property. The units of property applicable to utility plant are shown in Appendix II of this System of Accounts.

(1) When a unit of property is added to utility plant, the cost thereof shall be added to the appropriate utility plant account, except that when units are acquired in the acquisition of any utility plant constituting an operating system, they shall be accounted for as provided in utility plant instruction 4.

(2) When a unit of property is retired from utility plant, with or without replacement, the book cost thereof shall be credited to the utility plant account in which it is included, determined in the manner set forth in paragraph D, below. If the unit of property is of a depreciable class the book cost of the unit retired and credited to utility plant shall be charged to the depreciation reserve provided for such property. (See paragraph G, below, and also utility plant instruction 13.)

C. Minor items of property.

(1) When a minor item of property which did not previously exist is added to plant, the cost thereof shall be accounted for in the same manner as for the addition of a unit of property, as set forth in paragraph B (1), above, if a substantial addition results, otherwise the charge shall be to the appropriate operating expense account.

(2) When a minor item of property is retired and not replaced, the book cost thereof shall be credited to the utility plant account in which it is included; and, in the event the

minor item is a part of depreciable plant, the depreciation reserve shall be charged with the book cost and cost of removal and credited with the salvage. If, however, the book cost of the minor item retired and not replaced has been or will be accounted for by its inclusion in the unit of property of which it is a part when such unit is retired, no separate credit to the property account is required when such minor item is retired.

(3) When a minor item of depreciable property is replaced independently of the unit of which it is a part, the cost of replacement shall be charged to the maintenance account appropriate for the item, except that if the replacement effects a substantial betterment (the primary aim of which is to make the property affected more useful, more efficient, of greater durability, or of greater capacity), the excess cost of the replacement over the estimated cost at current prices of replacing, without betterment shall be charged to the appropriate utility plant account.

D. Determination of book cost. The book cost of utility plant retired shall be the amount at which such property is included in the utility plant accounts, including all components of construction costs. The book cost shall be determined from the utility's records and if this cannot be done, it shall be estimated. When it is impracticable to determine the book cost of each item, due to the relatively large number or small cost thereof, the average book cost of the items, with due allowance for any differences in size and character, shall be used as the book cost of the items retired.

E. Land retired. The book cost of land retired shall be credited to the appropriate land account. If the land is sold the difference between the book cost (less any reserve therefor which has been authorized and provided) and the sale price of the land (less commissions and other expenses of making the sale) shall be credited to account 401, Miscellaneous Credits to Surplus, or debited to account 414, Miscellaneous Debits to Surplus, as appropriate. If the land is not used in utility service but is retained by the utility, the book cost shall be charged to account 100-4, Utility Plant Held for Future Use, or account 110, Other Physical Property, as appropriate.

F. Utility plant sold. When utility plant constituting an operating unit or system is sold, conveyed, or transferred to another by sale, merger, consolidation, or otherwise, the book cost of the property sold or transferred to another shall be credited to the appropriate utility plant accounts, including amounts carried in account 100-5, Utility Plant Acquisition Adjustments, and the amounts (estimated if not known) carried with respect thereto in the depreciation and amortization reserve accounts and in account 241, Customers' Advances for Construction, and account 265, Contributions in Aid of Construction, shall be charged to such reserves and accounts. Unless otherwise ordered by the Commission, the difference, if any, between (a) the net amount of debits and credits and (b) the consideration received for the property (less commissions and other expenses of making the sale) shall be included in account 414, Miscellaneous Debits to Surplus, or account 401, Miscellaneous Credits to Surplus, as appropriate. (See account 392, Utility Plant Sold.)

G. The service value of depreciable utility plant retired shall be charged in its entirety to account 250, Reserve for Depreciation of Utility Plant. Any amounts which by approval or order of the Commission are charged to account 141, Extraordinary Property Losses, shall be credited to account 250, Reserve for Depreciation of Utility Plant.

H. The accounting for the retirement of amounts included in account 302, Franchises and Consents, and account 303, Miscellaneous Intangible Plant, and the items of limited-term interests in land included in the accounts for land and land rights, shall be as provided for in the text of account 251, Reserve for Amortization of Limited-term Utility Investments, and account 504, Amortization of Limited-term Utility Investments.

I. Additions and retirements of utility plant shall not be netted in the entries or in the posting of the entries.

13. Work Order System Required

A. All changes in utility plant (except the purchase or sale of utility plant constituting an operating unit or system) shall be recorded by means of work orders or job orders. Separate work orders may be opened for additions to and retirements of

utility plant or the retirements may be included with the construction work order, provided, however, that all items relating to retirements shall be kept distinctly separate from those relating to construction and provided, further, that any maintenance costs involved in the work shall likewise be kept distinctly separate.

B. Each utility shall keep its work order system in such manner as to show the nature of each addition to or retirement of utility plant, the total cost thereof, the source or sources of costs and the utility plant account or accounts to which charged or credited. Work orders covering jobs of short duration may be cleared monthly.

14. Transfers of Property

A. When property is transferred from one account for utility plant to another, from one utility department to another, such as from electric to gas, from one operating division or area to another, to or from accounts 100-1, Utility Plant in Service, 100-2, Utility Plant Leased to Others, and 100-4, Utility Plant Held for Future Use, the transfer shall be recorded by transferring the book cost thereof from the one account, department or location to the other, and likewise any related amounts carried in the depreciation or amortization reserves and other accounts shall be transferred in accordance with the segregation of such reserves and other accounts.

B. When property subject to depreciation or amortization is transferred from the utility plant accounts to account 110, Other Physical Property, the transfer shall be accomplished by crediting the utility plant accounts and charging the depreciation or amortization reserve with the book cost of the item transferred; the depreciation or amortization reserve shall be then credited and account 110, Other Physical Property, charged with the estimated fair value of the property transferred.

15. Common Utility Plant

A. If the utility is engaged in more than one utility service, such as electric, gas, and street railway, and any of its utility plant is used in common for several utility services or for other purposes to such an extent and in such manner that it is impracticable to segregate it by utility services currently in the

accounts, such property may, but only with the approval of the Commission, be designated and classified as "Common Utility Plant".

B. Utility plant designated as common utility plant shall be classified according to the detailed utility plant accounts appropriate for the property.

C. The utility shall be prepared to show at any time and to report to the Commission annually, or more frequently if required, and by utility plant accounts (301 to 392), the following: (1) the book cost of common utility plant, (2) the allocation of such cost to the respective departments using the common utility plant and (3) the basis of the allocation.

D. The depreciation and amortization reserves of the utility shall be so segregated as to show the amount of each reserve applicable to the property classified as common utility plant.

E. The expenses of operation, maintenance, depreciation and amortization of common utility plant shall be recorded in the accounts prescribed herein, but designated as common expenses, and the allocation of such expenses to the departments using the common utility plant shall be supported in the same manner as the allocation of the cost of such property.

16. Transmission and Distribution Plant

For the purpose of this system of accounts:

A. "Transmission system" means: (1) all land, conversion structures, and equipment employed at a primary source of supply (i. e., generating station, or point of receipt in the case of purchased power), to change the voltage or frequency of electric energy for the purpose of its more efficient or convenient transmission; (2) all land, structures, lines, switching and conversion stations, high tension apparatus, and their control and protective equipment between a generating or receiving point and the entrance to a distribution center or wholesale point, and (3) all lines and equipment whose primary purpose is to augment, integrate or tie together the sources of power supply.

B. "Distribution system" means all land, structures, conversion equipment, lines, line transformers, and other facilities employed between the primary source of supply (i. e., generat-

ing station, or point of receipt in the case of purchased power) and of delivery to customers, which are not includible in transmission system, as defined in paragraph A, whether or not such land, structures, and facilities are operated as part of a transmission system or as part of a distribution system.

Note—Stations which change the energy from transmission to distribution voltage shall be classified as distribution stations.

C. Where poles or towers support both transmission and distribution conductors, the poles, towers, anchors, guys, and right of way shall be classified as transmission system. The conductors, cross arms, braces, grounds, tie-wire, insulators, etc., shall be classified as transmission or distribution facilities according to the purpoe for which used.

D. Where underground conduit contains both transmission and distribution conductors, the underground conduit and right of way shall be classified as distribution system. The conductors shall be classified as transmission or distribution facilities according to the purpose for which used.

E. Land (other than right of way) and structures used jointly for transmission and distribution purposes shall be classified as transmission or distribution according to the major use thereof.

UTILITY PLANT ACCOUNTS

I. Intangible Plant

301. Organization
302. Franchises and Consents
303. Miscellaneous Intangible Plant

II. Production Plant

A. Steam Production

310. Land and Land Rights
311. Structures and Improvements
312. Boiler Plant Equipment
313. Engines and Engine Driven Generators
314. Turbo-generator Units
315. Accessory Electric Equipment
316. Miscellaneous Power Plant Equipment

B. Hydraulic Production

320. Land and Land Rights
321. Structures and Improvements
322. Reservoirs, Dams and Waterways
323. Water Wheels, Turbines and Generators
324. Accessory Electric Equipment
325. Miscellaneous Power Plant Equipment
326. Roads, Railroads and Bridges

C. Internal Combustion Engine Production

330. Land and Land Rights
331. Structures and Improvements
332. Fuel Holders, Producers and Accessories
333. Internal Combustion Engines
334. Generators
335. Accessory Electric Equipment
336. Miscellaneous Power Plant Equipment

III. Transmission Plant

340. Land and Land Rights
341. Clearing Land and Rights of Way
342. Structures and Improvements
343. Station Equipment
344. Towers and Fixtures

345. Poles and Fixtures
346. Overhead Conductors and Devices
347. Underground Conduit
348. Underground Conductors and Devices
349. Roads and Trails

IV. Distribution Plant

350. Land and Land Rights
351. Structures and Improvements
352. Station Equipment
353. Storage Battery Equipment
354. Poles, Towers and Fixtures
355. Overhead Conductors and Devices
356. Underground Conduit
357. Underground Conductors and Devices
358. Line Transformers
359. Services
360. Meters
361. Installations on Customers' Premises
362. Leased Property on Customers' Premises
363. Street Lighting and Signal Systems

V. General Plant

370. Land and Land Rights
371. Structures and Improvements
372. Office Furniture and Equipment
373. Transportation Equipment
374. Stores Equipment
375. Shop Equipment
376. Laboratory Equipment
377. Tools and Work Equipment
378. Communication Equipment
379. Miscellaneous Equipment
390. Other Tangible Property
391. Utility Plant Purchased
392. Utility Plant Sold

I. INTANGIBLE PLANT

301. Organization

This account shall include all fees paid to federal or state governments for the privilege of incorporation and expenditures incident to organizing the corporation, partnership or other enterprise and putting it into readiness to do business.

ITEMS

Cost of obtaining certificates authorizing an enterprise to engage in the public utility business.
Fees and expenses for incorporation.
Fees and expenses for mergers or consolidations.
Office expenses incident to organizing the utility.
Stock and minute books and corporate seal.

Note A. This account shall not include any discounts upon securities issued or assumed; nor shall it include any costs incident to negotiating loans, selling bonds or other evidences of debt or expenses in connection with the authorization issuance or sale of capital stock.

Note B. Exclude from this account and include in the appropriate expense account the cost of preparing and filing papers in connection with the extension of the term of incorporation unless the first organization costs have been written off. When charges are made to this account for expenses incurred in mergers, consolidations, or reorganizations, amounts previously included herein or in similar accounts in the books of the companies concerned shall be excluded from this account.

302. Franchises and Consents

A. This account shall include amounts paid to the federal government, to a state or to a political subdivision thereof in consideration for franchises, consents, or certificates, running in perpetuity or for a specified term of more than one year, together with necessary and reasonable expenses incident to procuring such franchises, consents, or certificates of permission or approval.

B. If a franchise, consent or certificate is acquired by assignment, the charge to this account in respect thereof shall not exceed the amount paid therefor by the utility to the assignor, nor shall it exceed the amount paid by the original grantee, or the expense of acquisition to such grantee. Any excess of the amount actually paid by the utility over the amount above specified shall be charged to account 414, Miscellaneous Debits to Surplus.

C. When any franchise has expired, the book cost thereof shall be credited hereto and charged to account 414, Miscellaneous Debits to Surplus, or to account 251, Reserve for Amortization of Limited-term Utility Investments, as appropriate.

D. This account shall be maintained in such a manner as to show separately the amounts included for perpetual franchises and for limited-term franchises.

Note—Assessments in respect to franchises shall not be included herein but in the appropriate operating expense or tax account.

303. Miscellaneous Intangible Plant

A. This account shall include the cost of patent rights, licenses, privileges, and other intangible property necessary or valuable in the conduct of the utility's operations and not specifically chargeable to any other account.

B. When any item included in this account is retired or expires the book cost thereof shall be credited hereto and charged to account 414, Miscellaneous Debits to Surplus, or account 251, Reserve for Amortization of Limited-term Utility Investments, as appropriate.

C. This account shall be maintained in such a manner that the utility can furnish full information with respect to the amounts included herein.

II. PRODUCTION PLANT

A. Steam Production

310. Land and Land Rights

This account shall include the cost of land and land rights employed in connection with steam power generation. (See utility plant instruction 9.)

311. Structures and Improvements

This account shall include the cost in place of structures and improvements used and useful in connection with steam power generation. (See utility plant instruction 10.)

Note—Include steam production roads and railroads in this account.

312. Boiler Plant Equipment

This account shall include the cost, installed, of furnaces, boilers, fuel and ash handling and fuel preparing equipment

steam and feed water piping, boiler apparatus and accessories used in the production of steam, mercury or other vapor, to be used primarily for generating electricity.

ITEMS

Ash handling equipment, including hoppers, gates, cars, conveyors, hoists, sluicing equipment, including pumps and motors, sluicing water pipe and fittings, sluicing trenches and accessories, etc., except sluices which are a part of a building.

Boiler feed system, including feed water heaters, evaporator condensers, heater drain pumps, heater drainers, deaerators, vent condensers, boiler feed pumps, surge tanks, feed water regulators, feed water measuring equipment, and all associated drives.

Boiler plant cranes and hoists and associated drives.

Boilers and equipment, including boilers and baffles, economizers, superheaters, soot blowers, foundations and settings, water walls, arches, grates, insulation, blow-down system, drying out of new boilers, also associated motors or other power equipment.

Breeching and accessories, including breeching, dampers, soot spouts, hoppers and gates, cinder eliminators, breeching insulation, soot blowers and associated motors.

Coal handling and storage equipment, including coal towers, coal lorries, coal cars, locomotives and tracks when devoted principally to the transportation of coal, hoppers, downtakes, unloading and hoisting equipment, skip hoists and conveyors, weighing equipment, magnetic separators, cableways, housings and supports for coal handling equipment.

Draft equipment, including air preheaters and accessories, induced and forced draft fans, air ducts, combustion control mechanisms, and associated motors or other power equipment.

Gas burning equipment, including holders, burner equipment and piping, control equipment, etc.

Instruments and devices, including all measuring, indicating and recording equipment for boiler plant service together with mountings and supports.

Lighting systems.

Oil burning equipment, including tanks, heaters, pumps with drive, burner equipment and piping, control equipment, etc.

Pulverized fuel equipment, including pulverizers, accessory motors, primary air fans, cyclones and ducts, dryers, pulverized fuel bins, pulverized fuel conveyors and equipment, burners, burner piping, priming equipment, air compressors, motors, etc.

Stacks, including foundations and supports, stack steel and ladders, stack brick work, stack concrete, stack lining, stack painting (first), when set on separate foundations, independent of substructure or superstructure of building.

Station piping, including pipe, valves, fittings, separators, traps, desuperheaters, hangers, excavation, covering, etc., for station piping system, including all steam, condensate, boiler feed and water supply piping, etc., but not condensing water, plumbing, building heating, oil, gas, air piping or piping specifically provided for in account 313.

Stoker or equivalent feeding equipment, including stokers and accessory motors, clinker grinders, fans and motors, etc.

Ventilating equipment.

Water purification equipment, including softeners and accessories, evaporators and accessories, heat exchangers, filters, tanks for filtered or softened water, pumps, motors, etc.

Water supply systems, including pumps, motors, strainers, raw water storage tanks, boiler wash pumps, intake and discharge pipes and tunnels not a part of a building.

Wood fuel equipment including hoppers, fuel hogs and accessories, elevators and conveyors, gates, spouts, measuring equipment and associated drives.

Note—When the system for supplying boiler or condenser water is elaborate as when it includes a dam, reservoir, canal, pipe line, cooling ponds, or where gas or oil is used as a fuel for producing steam and is supplied through a pipe line system owned by the utility, the cost of such special facilities shall be charged to a subdivision of account 311, Structures and Improvements.

313. Engines and Engine Driven Generators

This account shall include the cost, installed, of steam engines, reciprocating or rotary, and their associated auxiliaries; and engine-driven main generators, except turbo-generator units.

ITEMS

Air cleaning and cooling apparatus, including blowers, drive equipment, air ducts not a part of building, louvers, pumps, hoods, etc.

Belting, shafting, pulleys, reduction gearing, etc.

Circulating pumps, including connections between condensers and intake and discharge tunnels.

Cooling system, including towers, pumps, tank and piping.

Condensers, including condensate pumps, air and vacuum pumps, ejectors, unloading valves and vacuum breakers, expansion devices, screens, etc.

Cranes, hoists, etc., including items wholly identified with items listed herein.

Engines, reciprocating or rotary.

Fire extinguishing systems.

Foundations and settings, especially constructed for and not expected to outlast the apparatus for which provided.

Generators—main, A. C. or D. C., including field rheostats and connections for self-excited units, and excitation systems when identified with the generating unit.

Governors.

Lighting systems.

Lubricating systems, including gauges, filters, tanks, pumps, piping, motors, etc.

Mechanical meters, including gauges, recording instruments, sampling and testing equipment.

Piping—main exhaust, including connections between generator and condenser and between condenser and hotwell.

Piping—main steam, including connections from main throttle valve to turbine inlet.

Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

Pressure oil system, including accumulators, pumps, piping, motors, etc.

Throttle and inlet valve.

Tunnels, intake and discharge, for condenser system when not a part of a structure.

Water screens, motors, etc.

314. Turbo-Generator Units

This account shall include the cost, installed, of main turbine driven units and accessory equipment used in generating electricity by steam.

ITEMS

Air cleaning and cooling apparatus, including blowers, drive equipment, air ducts not a part of building, louvers, pumps, hoods, etc.

Circulating pumps, including connections between condensers and intake and discharge tunnels.

Condensers, including condensate pumps, air and vacuum pumps, ejectors, unloading valves and vacuum breakers, expansion devices, screens, etc.

Cooling system, including towers, pumps, tanks and piping.

Cranes, hoists, etc., including items wholly identified with items listed herein.

Excitation system when identified with main generating units.

Fire extinguishing systems.

Foundations and settings, especially constructed for and not expected to outlast the apparatus for which provided.

Governors.

Lighting systems.

Lubricating systems, including gauges, filters, tanks, pumps, piping, motors, etc.

Mechanical meters, including gauges, recording instruments, sampling and testing equipment.

Piping—main exhaust, including connections between turbo-generator and condenser and between condenser and hotwell.

Piping—main steam, including connections from main throttle valve to turbine inlet.

Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

Pressure oil systems, including accumulators, pumps, piping, motors, etc.

Steelwork, specially constructed for apparatus listed herein.

Throttle and inlet valve.

Tunnels, intake and discharge, for condenser system when not a part of structure, water screens, etc.

Turbo-generators—main, including turbine and generator, field rheostats and electric connections for self-excited units.

Water screens, motors, etc.

315. Accessory Electric Equipment

This account shall include the cost, installed, of auxiliary generating apparatus, conversion equipment and equipment used primarily in connection with the control and switching of electric energy produced by steam power, and the protection of electric circuits and equipment, except electric motors used to drive equipment included in other accounts. Such motors shall be included in the account in which the equipment with which they are associated is included.

ITEMS

Auxiliary generators, including boards, compartments, switching equipment, control equipment and connections to auxiliary power bus.

Excitation system, including motor, turbine and dual drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument

shunts, conductors and conduit, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housings, protective screens, etc.

Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, current transformers, potential transformers, protective relays, isolated panels and equipment conductors and conduit, special supports for generator main leads, grounding switch, etc., special housings, protective screens, etc.

Station buses, including main, auxiliary transfer, synchronizing and fault ground buses, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors, starting transformers, current transformers, potential transformers, protective relays, storage batteries and charging equipment, isolated panels and equipment, conductors and conduits, special supports, special housings, concrete pads, general station grounding system, special fire extinguishing system, and test equipment.

Station control system, including station switchboards with panel wiring, panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, truck-type boards complete, cubicles, station supervisory control boards, generator and exciter signal stands, temperature recording devices, frequency control equipment, master clocks, watt-hour meter and synchronoscope in the turbine room, station totalizing watt-meter, boiler room load indicator equipment, storage batteries, panels and charging sets, instrument transformers for supervisory metering, conductors and conduit, special supports for conduit, switchboards, batteries, special housing for batteries, protective screens, doors, etc.

Note A—Do not include in this account transformers and other equipment used for changing the voltage or frequency of electric energy for the purpose of transmission or distribution.

Note B—When any item of equipment listed herein is used wholly to furnish power to equipment included in another account, its cost shall be included in such other account.

316. Miscellaneous Power Plant Equipment

This account shall include, the cost installed, of miscellaneous equipment in and about the steam generating plant devoted to general station use, and which is not properly includible in any of the foregoing steam-power production accounts.

ITEMS

Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.

Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.

Fire extinguishing equipment for general station use.

Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

Locomotive cranes not includible elsewhere.

Locomotives not includible elsewhere.

Marine equipment including boats, barges, etc.

Miscellaneous belts, pulleys, countershafts, etc.

Miscellaneous equipment, including atmospheric and weather indicating devices, intra-site communication system, laboratory equipment, signal systems, callophones, emergency whistles and sirens, fire alarms, insect control equipment, and other similar equipment.

Railway cars not includible elsewhere.

Refrigerating systems, including compressors, pumps, cooling coils, etc.

Station maintenance equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.

Ventilating equipment, including items wholly identified with apparatus listed herein.

Note—When any item of equipment listed herein is wholly used in connection with equipment included in another account, its cost shall be included in such other account.

B. Hydraulic Production

320. Land and Land Rights

This account shall include the cost of land and land rights used and useful in connection with hydraulic power generation. (See utility plant instruction 9.)

321. Structures and Improvements

This account shall include the cost in place of structures and improvements used and useful in connection with hydraulic power generation. (See utility plant instruction 10.)

322. Reservoirs, Dams and Waterways

This account shall include the cost in place of facilities used for impounding, collecting, storage, diversion, regulation, and delivery of water used primarily for generating electricity.

ITEMS

Bridges and culverts (when not a part of roads or railroads).

Clearing and preparing land.

Dams, including wasteways, spillways, flash boards, spillway gates with operating and control mechanisms, tunnels, gate houses, and fish ladders.

Dikes and embankments.

Electric system, including conductors, control system, transformers, lighting fixtures, etc.

Excavation, including shoring, bracing, bridging, refill and disposal of excess excavated material.

Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

Intakes, including trash rack, rack cleaners, control gates and valves with operating mechanisms, intake house when not a part of station structure.

Platforms, railings, steps, grating, etc., appurtenant to structures listed herein.

Power lines wholly identified with items included herein.

Retaining walls.

Water conductors and accessories, including canals, tunnels, flumes, penstocks, pipe conductors, forebays, tailraces, navigation locks and operating mechanisms, water-hammer and surge tanks, and supporting trestles and structures.

Water storage reservoirs, including dams, flash boards, spillway gates and operating mechanisms, inlet and outlet tunnels, regulating valves and valve towers, silt and mud sluicing tunnels with valve or gate towers, and all other structures wholly identified with any of the foregoing items.

323. Water Wheels, Turbines and Generators

This account shall include the cost, installed, of water wheels and hydraulic turbines (from connection with penstock or flume to tailrace) and generators driven thereby devoted to the production of electricity by water power or for the production of power for industrial or other purposes if the equipment used for such purposes is a part of the hydraulic power plant works.

ITEMS

Fire extinguishing equipment.

Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

Generator cooling system, including air cooling and washing apparatus, air fans and accessories, air ducts, etc.

Generators—main, A. C. or D. C., including field rheostats and connections for self-excited units and excitation system when identified with the generating unit.

Lighting systems.

Lubricating systems, including gauges, filters, tanks, pumps, piping, etc.

Main penstock valves and appurtenances, including main valves, control equipment, by-pass valves and fittings and other accessories.

Main turbines and water wheels, including runners, gates, governors, pressure regulators, oil pumps, operating mechanisms, scroll cases, draft tubes, draft tube supports.

Mechanical meters, and recording instruments.

Miscellaneous water wheel equipment, including gauges, thermometers, meters and other instruments.

Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

Scroll case filling and drain system, including gates, pipe, valves, fittings, etc.

Water-actuated pressure regulator system, including tanks and housings, pipe, valves, fittings and insulations, piers and anchorage, excavation and backfill.

324. Accessory Electric Equipment

This account shall include the cost, installed, of auxiliary generating apparatus, conversion equipment and equipment used primarily in connection with the control and switching of electric energy produced by hydraulic power and the protection of electric circuits and equipment, except electric motors used to drive equipment included in other accounts, such motors being included in the account in which the equipment with which they are associated is included.

ITEMS

Auxiliary generators, including boards, compartments, switching equipment, control equipment, connections to auxiliary power bus.

Excitation system, including water wheels, turbines and accessories, motors, dual drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument shunts, conductors and conduits, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housings, protective screens, etc.

Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, current transformers, potential transformers, protective relays, isolated panels and equipment, conductors and conduit, special supports for generator main leads, grounding switch, etc., special housings, protective screens, etc.

Station buses, including main, auxiliary, transfer, synchronizing and fault ground buses, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors, starting transformers, current transformers, potential transformers, protective relays, storage batteries and charging equipment, isolated panels and equipment, conductors and conduit, special supports, special housings, concrete pads, general station grounding system, special fire extinguishing system and test equipment.

Station control system, including station switchboards with panel wiring, panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, truck-type boards complete, cubicles, station supervisory control devices, frequency control equipment, master clocks, watt-hour meter, station totalizing watt-meter, storage batteries, panels and charging sets, instrument transformers for supervisory metering, conductors and conduits, special supports for conduits, switchboards, batteries, special housing for batteries, protective screens, doors, etc.

Note A—Do not include in this account transformers and other equipment used for changing the voltage or frequency of electric energy for the purpose of transmission or distribution.

Note B—When any item of equipment listed herein is used wholly to furnish power to equipment, it shall be included in such equipment account.

325. Miscellaneous Power Plant Equipment

This account shall include the cost, installed, of miscellaneous equipment in and about the hydro-electric generating plant which is devoted to general station use and is not properly includible in other hydraulic production accounts.

ITEMS

Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.

Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.

Fire extinguishing equipment for general station use.

Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

Locomotive cranes not includible elsewhere.

Locomotives not includible elsewhere.

Marine equipment, including boats, barges, etc.

Miscellaneous belts, pulleys, countershafts, etc.

Miscellaneous equipment, including atmospheric and weather indicating devices, intra-site communication equipment, laboratory equipment, insect control equipment, signal systems, callophones, emergency whistles and sirens, fire alarms, and other similar equipment.

Railway cars, not includible elsewhere.

Refrigerating system, including compressors, pumps, cooling coils, etc.

Station maintenance equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.

Ventilating equipment, including items wholly identified with apparatus listed herein.

Note—When any item of equipment, listed herein, is used wholly in connection with equipment included in another account, its cost shall be included in such other account.

326. Roads, Railroads and Bridges

This account shall include the cost of roads, railroads, trails, bridges and trestles used primarily as production facilities. It includes also those roads, etc., necessary to connect the plant with highway transportation systems, except when such roads are dedicated to public use and maintained by public authorities.

ITEMS

Bridges, including foundations, piers, girders, trusses, flooring, etc.

Clearing land.

Railroads, including grading, ballast, ties, rails, culverts, hoists, etc.

Roads, including grading, surfacing, culverts, etc.

Structures, constructed and maintained in connection with items listed herein.

Trails, including grading, surfacing, culverts, etc.

Trestles, including foundations, piers, girders, trusses, flooring, etc.

Note A—Roads intended primarily for connecting employes' houses with the power plant shall not be included herein but in account 321, Structures and Improvements.

Note B—Temporary roads, bridges, etc., necessary during the period of construction but abandoned or dedicated to public use upon completion of the plant shall not be included herein but shall be charged to the accounts appropriate for the construction.

C. Internal Combustion Engine Production

330. Land and Land Rights

This account shall include the cost of land and land rights used and useful in connection with internal combustion engine power generation. (See utility plant instruction 9.)

331. Structures and Improvements

This account shall include the cost in place of structures and improvements used and useful in connection with internal combustion engine power generation. (See utility plant instruction 10.)

332. Fuel Holders, Producers and Accessories

This account shall include the cost, installed, of fuel handling and storage equipment used between the point of fuel delivery to the station and the intake pipe through which fuel is directly drawn to the engine, also the cost of gas producers and accessories devoted to the production of gas for use in internal combustion engines driving main electric generators.

ITEMS

Blower and fans.
Boilers and pumps.
Economizers.
Exhauster outfits.
Flues and piping.
Pipe system.
Producers.
Regenerators.
Scrubbers.
Steam injectors.
Tanks for storage of oil, gasoline, etc.
Vaporizers.

333. Internal Combustion Engines

This account shall include the cost, installed, of Diesel or other internal combustion engines devoted to the generation of electric energy, together with their auxiliaries.

ITEMS

Air filtering system.

Belting, shafting, pulleys, reduction gearing, etc.

Cooling systems, including towers, pumps, tanks, and piping.

Cranes, hoists, etc., including items wholly identified with apparatus listed herein.

Engines, Diesel, gasoline, gas or other internal combustion.

Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.

Governors.

Ignition system.

Inlet valve.

Lighting systems.

Lubricating systems, including filters, tanks, pumps, and piping.

Mechanical meters, including gauges, recording instruments, sampling and testing equipment.

Mufflers.

Piping.

Starting systems, compressed air, or other, including compressors and drives, tanks, piping, motors, boards and connections, storage tanks, etc.

Steelwork, specially constructed for apparatus listed herein.

Waste heat boilers, anti-fluctuators, etc.

334. Generators

This account shall include the cost, installed, of internal combustion engine-driven main generators.

ITEMS

Cranes, hoists, etc., including items wholly identified with such apparatus.

Fire extinguishing equipment.

Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

Generator cooling system, including air cooling and washing apparatus, air fans and accessories, air ducts, etc.

Generators—main, A. C. or D. C., including field rheostats and connections for self-excited units and excitation system when identified with the generating unit.

Lighting systems.

Lubricating system, including tanks, filters, strainers, pumps, piping, coolers, etc.

Mechanical meters, and recording instruments.

Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

335. Accessory Electric Equipment

This account shall include the cost, installed, of auxiliary generating apparatus, conversion equipment and equipment used primarily in connection with the control and switching of electric energy produced by internal combusion power, and the protection of electrical circuits and equipment, except electric motors used to drive equipment included in other accounts. Such motors shall be included in the account in which the equipment with which it is associated is included.

ITEMS

Auxiliary generators, including boards, compartments, switching equipment, control equipment, and connections to auxiliary power bus.

Excitation system, including motor, engine and dual drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument shunts, conductors and conduit, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housings, protective screens, etc.

Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, current transformers, potential transformers, protective relays, isolated panels and equipment, conductors and conduit, special supports for generator main leads, grounding switch, etc., special housings, protective screens, etc.

Station control system, including station switchboards with panel wiring, panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, truck-type boards complete, cubicles, station supervisory control boards, generator and exciter signal stands, temperature recording devices, frequency control equipment, master clocks, watt-hour meter, station totalizing watt-meter, storage batteries, panels and charging sets, instrument transformers for supervisory metering, conductors and conduit, special supports for con-

duit, switchboards, batteries, special housing for batteries, protective screens, doors, etc.

Station buses, including main, auxiliary, transfer, synchronizing and fault ground buses, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors, starting transformers, current transformers, potential transformers, protective relays, storage batteries and charging equipment, isolated panels and equipment, conductors and conduit, special supports, special housings, concrete pads, general station ground system, special fire extinguishing system and test equipment.

Note A—Do not include in this account transformers and other equipment used for changing the voltage or frequency of electric energy, for the purpose of transmission or distribution.

Note B—When any item of equipment listed herein is used wholly to furnish power to equipment included in another account, its cost shall be included in such other account.

336. Miscellaneous Power Plant Equipment

This account shall include the cost, installed, of miscellaneous equipment in and about the internal combustion engine generating plant, devoted to general station use, and not properly includible in any of the foregoing internal combustion engine production accounts.

ITEMS

Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.

Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.

Fire extinguishing equipment for general station use.

Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

Miscellaneous equipment, including atmospheric and weather-indicating devices, intra-site communication equipment, laboratory equipment, signal systems, callophones, emergency whistles and sirens, fire alarms, and other similar equipment.

Miscellaneous belts, pulleys, countershafts, etc.

Refrigerating system, including compressors, pumps, cooling coils, etc.

Station maintenance equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.

Ventilating equipment, including items wholly identified with apparatus listed herein.

Note—When any item of equipment listed herein is used wholly in connection with equipment included in another account, its cost shall be included in such other account.

III. TRANSMISSION PLANT

340. Land and Land Rights

This account shall include the cost of land and land rights used and useful in connection with transmission operations. (See utility plant instruction 9.)

341. Clearing Land and Rights of Way

This account shall include the cost of the initial or original clearing of transmission line land and rights of way.

Note—The cost of removing stumps, grading, excavating, etc., incident to the preparation of foundations for towers or other structures or to the construction of roads, trails and bridges, shall not be included in this account but in the account directly benefited.

342. Structures and Improvements

This account shall include the cost, in place, of structures and improvements used and useful in connection with transmission operations. (See utiliy plant instruction 10.)

343. Station Equipment

This account shall include the cost, installed, of transforming, conversion and switching equipment used for the purpose of changing the characteristics of electricity in connection with its transmission or for controlling transmission circuits.

ITEMS

Bus compartments, concrete, brick and sectional steel, including items permanently attached thereto.

Conduit, including concrete and iron duct runs not part of a building.

Control equipment, including batteries, battery charging equipment, transformers, remote relay boards, and connections.

Conversion equipment, including transformers, indoor and outdoor, frequency changers, motor generator sets, rectifiers, synchronous converters, motors, cooling equipment and associated connections.

Fences.

Fixed and synchronous condensers, including transformers, switching equipment, blowers, motors and connections.

Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

General station equipment, including air compressors, motors, hoists, cranes, test equipment, ventilating equipment, etc.

Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

Primary and secondary voltage connections, including bus runs and supports, insulators, potheads, lightning arresters, cable and wire runs from and to outdoor connections or to manholes and the associated regulators, reactors, resistors, surge arresters and accessory equipment.

Switchboards, including meters, relays, control wiring, etc.

Switching equipment, indoor and outdoor, including oil circuit breakers and operating mechanisms, truck switches, disconnect switches.

Tools and appliances.

Note—Electric equipment and tools and appliances used jointly for transmission and distribution purposes at any particular substation shall be classified in accordance with the major use made of such substation.

344. Towers and Fixtures

This account shall include the cost, installed, of towers and appurtenant fixtures used for supporting overhead transmission conductors.

ITEMS

Anchors, guys, braces.
Brackets.
Crossarms, including braces.
Excavation, back fill and disposal of excess excavated material.
Foundations.
Guards.
Insulator pins, suspension bolts.
Ladders, steps.
Railings, etc.
Towers.

345. Poles and Fixtures

This account shall include the cost, installed, of transmission line poles, wood, steel, concrete or other material, together with appurtenant fixtures used for supporting overhead transmission conductors.

ITEMS

Anchors, head arm and other guys, including guy guards, guy clamps, strain insulators, pole plates, etc.
Brackets.
Crossarms and braces.
Excavation, backfill, including disposal of excess excavated material.
Extension arms.
Gaining, roofing, stenciling and tagging.
Insulator pins, suspension bolts.
Paving.
Pole steps.
Poles, wood, steel, concrete, or other material.
Racks complete with insulators.
Reinforcing and stubbing where a part of initial pole installation.
Settings.
Shaving, painting.

346. Overhead Conductors and Devices

This account shall include the cost, installed, of overhead conductors and devices used for transmission purposes.

ITEMS

Circuit breakers.

Conductors, including insulated and bare wires and cables.

Ground wires and ground clamps.

Insulators, including pin, suspension and other types.

Lightning arresters.

Switches.

Other line devices.

347. Underground Conduit

This account shall include the cost, installed, of underground conduit and tunnels used for housing transmission cables or wires. (See utility plant instruction 16.)

ITEMS

Conduit, concrete, brick or tile, including iron pipe, fibre pipe, Murray duct, standpipe on pole or tower.

Excavation, including shoring, bracing, bridging, backfill, and disposal of excess excavated material.

Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

Lighting systems.

Manholes, concrete or brick, including iron or steel frames and covers, hatchways, gratings, ladders, cable racks and hangers, etc., permanently attached to manholes.

Municipal inspection.

Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks.

Permits.

Protection of street openings.

Removal and relocation of subsurface obstructions.

Sewer connections, including drains, traps, tide valves, check valves, etc.

Sumps, including pumps.

Ventilating equipment.

348. Underground Conductors and Devices

This account shall include the cost, installed, of underground conductors and devices used for transmission purposes.

ITEMS

Armored conductors, buried, including insulators, insulating materials, splices, potheads, trenching, etc.

Armored conductors, submarine, including insulators, insulating materials, splices in terminal chambers, potheads, etc.

Cables in standpipe, including pothead and connection from terminal chamber of manhole to insulators on pole.

Circuit breakers.

Fireproofing, in connection with any items listed herein.

Hollow core, oil filled cable, including straight or stop joints, pressure tanks, auxiliary air tanks, feeding tanks, terminals, potheads and connections, ventilating equipment, etc.

Lead and fabric covered conductors, including insulators, compound filled, oil filled, or vacuum splices, potheads, etc.

Lighting arresters.

Municipal inspection.

Permits.

Protection of street openings.

Racking of cables.

Switches.

Other line devices.

349. Roads and Trails

This account shall include the cost of roads, trails, and bridges used primarily as transmission facilities.

ITEMS

Bridges, including foundation piers, girders, trusses, flooring, etc.

Clearing land.

Roads, including grading, surfacing, culverts, etc.

Structures, constructed and maintained in connection with items included herein.

Trails, including grading, surfacing, culverts, etc.

Note—The cost of temporary roads, bridges, etc., necessary during the period of construction but abandoned upon completion of the plant shall be charged to the account appropriate for the plant constructed.

IV. DISTRIBUTION PLANT

350. Land and Land Rights

This account shall include the cost of land and land rights used and useful in connection with distribution operations. (See utility plant instruction 9.)

351. Structures and Improvements

This account shall include the cost in place of structures and improvements used and useful in connection with distribution operations. (See utility plant instruction 10.)

352. Station Equipment

This account shall include the cost, installed, of substation equipment including transformer banks, etc., which are used for the purpose of changing the characteristics of electricity in connection with its distribution.

ITEMS

Bus compartments, concrete, brick and sectional steel, including items permanently attached thereto.

Conduit, including concrete and iron duct runs not part of building.

Control equipment, including batteries, battery charging equipment, transformers, remote relay boards and connections.

Conversion equipment, indoor and outdoor, frequency changers, motor generator sets, rectifiers, synchronous converters, motors, cooling equipment and associated connections.

Fences.

Fixed and synchronous condensers, including transformers, switching equipment, blowers, motors, and connections.

Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

General station equipment, including air compressors, motors, hoists, cranes, test equipment, ventilating equipment, etc.

Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

Primary and secondary voltage connections, including bus runs and supports, insulators, potheads, lightning arresters, cable and wire runs from and to outdoor connections or to manholes and the associated regulators, reactors, resistors, surge arresters and accessory equipment.

Switchboards, including meters, relays, control wiring, etc.

Switching equipment, indoor and outdoor, including oil circuit breakers and operating mechanisms, truck switches, disconnect switches.

Note A—Electric equipment and tools and appliances used jointly for transmission and distribution purposes at any particular substation shall be classified in accordance with the major use made of such substation.

Note B—The cost of rectifiers, series transformers and other special substation equipment devoted exclusively to street lighting service shall not be included in this account, but in account 363, Street Lighting and Signal Systems.

353. Storage Battery Equipment

This account shall include the cost, installed, of storage battery equipment used for the purpose of supplying electricity to meet emergency or peak demands.

ITEMS

Batteries, including elements, tanks, tank insulators, etc.

Battery room connections, including cable or bus runs and connections.

Battery room flooring, when specially laid for supporting batteries.

Charging equipment, including motor generator sets and other charging equipment and connections, cable runs from generator or substation bus to battery room connections.

Miscellaneous equipment, including instruments, water stills, etc.

Switching equipment, including end cell switches and connections, boards and panels, used exclusively for battery control, not part of general station switchboard.

Ventilating equipment including fans and motors, louvers, and ducts not part of building.

Note—Storage batteries used for control and general station purposes shall not be included in this account but in the account appropriate for their use.

354. Poles, Towers and Fixtures

This account shall include the cost, installed, of poles, towers and appurtenant fixtures used for supporting overhead distribution conductors and service wires.

ITEMS

Anchors, head arm and other guys, including guy guards, guy clamps, strain insulators, pole plates, etc.

Brackets.

Crossarms and braces.

Excavation, backfill, including disposal of excess excavated material.

Extension arms.

Foundations.

Guards.

Insulator pins; suspension bolts.

Paving.

Pole steps and ladders.

Poles, wood, steel, concrete or other material.

Racks, complete with insulators.

Railings.

Reinforcing and stubbing where a part of the initial pole and tower installation.

Settings.

Shaving, painting, gaining, roofing, stenciling and tagging.

Towers.

Transformer racks and platforms.

355. Overhead Conductors and Devices

This account shall include the cost, installed, of overhead conductors and devices used for distribution purposes.

ITEMS

Circuit breakers.

Conductors, including insulated and bare wires and cables.

Ground wires, clamps, etc.

Insulators, including pin, suspension and other types and tie wire or clamps.

Lightning arresters.

Railroad and highway crossing guards.

Splices.

Switches.

Other line devices.

Note—The cost of conductors used solely for street lighting or signal systems shall not be included in this account but in account 363, Street Lighting and Signal Systems.

356. Underground Conduit

This account shall include the cost, installed, of underground conduit and tunnels used for housing distribution cables or wires.

ITEMS

Conduit, concrete, brick and tile, including iron pipe, fibre pipe, Murray duct, standpipe, on pole or tower.

Excavation, including shoring, bracing, bridging, back-fill and disposal of excess excavated material.

Foundations and settings, specially constructed for and not expected to outlast the apparatus for which constructed.

Lighting systems.

Manholes, concrete or brick, including iron or steel frames and covers, hatchways, gratings, ladders, cable racks and hangers, etc., permanently attached to manholes.

Municipal inspection.

Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks.

Permits.

Protection of street openings.

Removal and relocation of subsurface obstructions.

Sewer connections, including drains, traps, tide valves, check valves, etc.

Sumps, including pumps.

Ventilating equipment.

Note—The cost of underground conduit used solely for street lighting or signal systems shall be included in account 363, Street Lighting and Signal Systems.

357. Underground Conductors and Devices

This account shall include the cost, installed, of underground conductors and devices used for distribution purposes.

ITEMS

Armored conductors, buried, including insulators, insulating materials, splices, potheads, trenching, etc.

Armored conductors, submarine, including insulators, insulating materials, splices in terminal chamber, potheads, etc.

Cables in standpipe, including pothead and connection from terminal chamber or manhole to insulators on pole.

Circuit breakers.

Fireproofing, in connection with any items listed herein.

Hollow core, oil filled cable, including straight or stop joints, pressure tanks, auxiliary air tanks, feeding tanks, terminals, potheads and connections, etc.

Lead and fabric covered conductors, including insulators, compound filled, oil filled or vacuum splices, potheads, etc.

Lightning arresters.

Municipal inspection.

Permits.

Protection of street openings.

Racking of cables.

Switches.

Other line devices.

Note—The cost of underground conductors and devices used solely for street lighting or signal systems shall be included in account 363, Street Lighting and Signal Systems.

358. Line Transformers

A. This account shall include the cost, including installation, of overhead and underground line transformers owned by the utility, whether actually in service or held in reserve, used in transforming electricity to the voltage at which it is to be used by the customer and also intermediate distribution voltage step up and step down transformers.

B. When a transformer is permanently retired from service, the original installed cost thereof shall be credited to this account.

C. The records covering line transformers shall be so kept that the utility can furnish the number of transformers of various capacities in service and those in reserve and the location and the use of each transformer.

D. Where the installation of transformers also includes such equipment as voltage regulators, switching, or metering equipment such installations should be considered as substation equipment and the costs thereof included in Account 352, Distribution Substation Equipment.

ITEMS

Installation, labor of (first installation only).
Transformer cut-out boxes.
Transformer lightning arresters.
Transformers, line and network.

Note—The cost of removing and resetting line transformers shall not be charged to this account but to account 761, Operation of Lines. The cost of line transformers used solely for street lighting or signal systems shall be included in account 363, Street Lighting and Signal Systems.

359. Services

This account shall include the cost, installed, of all overhead and underground conductors leading from a point where wires leave the last pole of the overhead system or the distribution box or manhole, or the top of the pole of the distribution line, to the point of connection with the customer's outlet or wiring. Conduit used for underground service conductors shall be included herein. This account shall be subdivided between overhead and underground services by Class A utilities as follows:

359-1 Overhead Services
359-2 Underground Services

ITEMS

Brackets.
Cables and wires.
Conduit.
Insulators.
Municipal inspection.
Overhead to underground, including conduit or standpipe and conductor from last splice on pole to connection with customer's wiring.

Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks.
Permits.
Protection of street openings.
Service switch.
Suspension wire.

360. Meters

A. This account shall include the cost, installed, of meters or devices and appurtenances thereto for use in measuring the electricity delivered to customers, whether actually in service or held in reserve.

B. When a meter is permanently retired from service, the installed cost thereof shall be credited to this account.

C. The records covering meters shall be so kept that the utility can furnish information as to the number of meters of various capacities in service and in reserve as well as the location of each meter owned.

ITEMS

Alternating current watt-hour meters.
Current limiting devices.
Demand indicators.
Demand meters.
Direct current watt-hour meters.
Graphic demand meters.
Installation, labor of (first installation only).
Instrument transformers.
Maximum demand meters.
Meter badges and their attachments.
Meter boards and boxes.
Meter fittings, connections and shelves (first set).
Meter switches and cut-outs.
Prepayment meters.
Protective devices.
Testing new meters.

Note A—This account shall not include meters for recording output of a generating station, substation meters, etc. It includes only those meters used to record energy delivered to customers.

Note B—The cost of removing and resetting meters shall be charged to account 762, Services on Customers' Premises.

361. Installations on Customers' Premises

This account shall include the cost, installed, of equipment on the customer's side of a meter when the utility incurs such cost and when the utility retains title to and assumes full responsibility for maintenance and replacement of such property. This account shall not include leased equipment, for which see account 362, Leased Property on Customers' Premises.

ITEMS

Cable vaults.
Commercial lamp equipment.
Foundations and settings, specially provided for equipment included herein.
Frequency changer sets.
Motor generator sets.
Motors.
Switchboard panels, high or low tension.
Wire and cable connections to incoming cables.

Note—Do not include in this account any costs incurred in connection with merchandising.

362. Leased Property on Customers' Premises

This account shall include the cost of electric motors, transformers, and other equipment on customers' premises (including municipal corporations), leased or loaned to customers, but not including property held for sale.

Note A—The cost of setting and connecting such appliances or equipment on the premises of customers and the cost of resetting or removal shall not be charged to this account but to operating expenses, account 762, Services on Customers' Premises.

Note B—Do not include in this account any costs incurred in connection with merchandising.

363. Street Lighting and Signal Systems

A. This account shall include the cost, installed, of equipment used wholly for public street and highway lighting or traffic, fire alarm, police, and other signal systems.

ITEMS

Armored conductors, buried or submarine, including insulators, insulating materials, splices; trenching, etc.
Automatic control equipment.

Conductors, overhead or underground, including lead, or fabric covered, parking cables, etc., including splices, insulators, etc.

Lamps, arc, incandescent, or other types, including glassware, suspension fixtures, brackets, etc.

Municipal inspection.

Ornamental lamp posts.

Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.

Permits.

Posts and standards.

Protection of street openings.

Rectifiers.

Relays or time clocks.

Series contacters.

Special substation equipment.

Switches.

Transformers, pole or underground.

V. GENERAL PLANT

370. Land and Land Rights

A. This account shall include the cost of land and land rights used for utility purposes, the cost of which is not properly includible in other land and land rights accounts. (See utility plant instruction 9.)

B. Records shall be kept to show the cost of land and land rights separately for each of the following subdivisions. 370-1, Office; 370-2, Transportation; 370-3, Stores; 370-4, Shops; 370-5, Laboratories; 370-6, Communication; and 370-7, Miscellaneous.

371. Structures and Improvements

A. This account shall include the cost in place of structures and improvements used for utility purposes, the cost of which is not properly includible in other structures and improvements accounts. (See utility plant instruction 10.)

B. Records shall be kept to show the cost of structures and improvements separately for each of the following sub-

divisions: 371-1, Office; 371-2, Transportation; 371-3, Stores; 371-4, Shops; 371-5, Laboratories; 371-6, Communication; and 371-7, Miscellaneous.

372. Office Furniture and Equipment

A. This account shall include the cost of office furniture and equipment owned by the utility and devoted to utility service, and not permanently attached to buildings. Articles of slight value or short service life acquired subsequent to the commencement of operations shall be charged to the appropriate operating expense account and not to this account.

B. If the utility has equipment includible in this account at more than one location, separate records shall be maintained for each location.

C. The cost of office furniture and equipment may, at the option of the utility, be included either in account 372 or in accounts 316, 325, 336, 343 and 352, or in other Utility Plant Accounts on a functional or use basis. The cost of office furniture and equipment used in general offices shall be included in account 372.

ITEMS

Bookcases and shelves.
Clocks.
Desks, chairs, and desk equipment.
Drafting room equipment.
Fans.
Filing, storage, and other cabinets.
Floor covering (not permanently attached).
Janitor's equipment.
Library and library equipment.
Mechanical office equipment such as accounting machines, typewriters, etc.
Portable fire extinguishers.
Portable heaters.
Safes.
Tables.

373. Transportation Equipment

A. This account shall include the cost of transportation and garage equipment when such equipment is not an integral part of the housing structure.

B. If the utility has garage equipment at more than one location, separate records shall be maintained for each location.

ITEMS

Airplanes and other aviation equipment.
Automobile repair shop equipment.
Automobiles.
Battery charging equipment.
Bicycles.
Drays.
Electric vehicles.
Gasoline and oil pumps (portable).
Gasoline storage tank.
Greasing tools and equipment.
Horses, wagons, and harness.
Horseshoeing equipment.
Motor trucks.
Motorcycles.
Oil storage tanks.
Repair cars or trucks.
Tractors.
Trailers.
Trucks.
Other garage or stable equipment.

374. Stores Equipment

A. This account shall include the cost of equipment used for the receiving, shipping, handling and storage of materials and supplies.

B. If the utility has equipment includible in this acocunt at more than one location, separate records shall be maintained for each location.

ITEMS

Chain falls.
Counters.
Cranes (portable).
Elevating and stacking equipment (portable).
Hoists.
Lockers
Scales.
Shelving.
Storage bins.
Trucks, hand and power driven.
Wheelbarrows.

375. Shop Equipment

A. This account shall include the cost, installed, of equipment specially provided for general shops when such equipment is not an integral part of the housing structure.

B. If the utility has equipment includible in this account at more than one location, separate records shall be maintained for each location.

ITEMS

Anvils.
Belts, shafts, and countershafts.
Boilers.
Cranes and hoists.
Drill presses.
Electric equipment.
Engines.
Forges.
Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
Furnaces.
Gas producers.
Lathes.
Machine tools.
Motor-driven hand tools.
Motors and engines.
Pipe threading and cutting machines.
Pneumatic tools.

Smithing equipment.
Tool racks.
Vises.
Work benches, etc.

376. Laboratory Equipment

A. This account shall include the cost, installed, of laboratory equipment used for general laboratory purposes and not specially provided for or includible in other departmental or functional plant accounts.

B. If the utility has equipment includible in this account at more than one location, separate records shall be maintained for each location.

ITEMS

Ammeters.
Current batteries.
Frequency changers.
Galvanometers.
Inductometers.
Laboratory standard milli-volt meters.
Laboratory standard volt meters.
Meter testing equipment.
Milli-volt meters.
Motor generator sets.
Panels.
Phantom loads.
Portable graphic ammeters, volt meters, and watt meters.
Portable loading devices.
Potential batteries.
Potentiometers.
Radio interference equipment.
Rotating standards.
Standard cell, reactance, resistor and shunt.
Surveying equipment.
Switchboards.
Synchronous timers.
Testing panels.
Testing resistors.

Transformers.
Volt meters.
Other testing, laboratory or research equipment not provided for elsewhere.

377. Tools and Work Equipment

This account shall include the cost of tools, implements, and equipment used in construction or repair work exclusive of equipment includible in other equipment accounts.

ITEMS

Air compressors, including driving unit and vehicle.
Boilers.
Cable pulling equipment.
Concrete mixers and distributors.
Derricks.
Engines.
Forges.
Furnaces.
Hoists.
Ladders.
Lathes.
Motors.
Pile drivers.
Pipe machines.
Power saws.
Pumps.
Riveters.
Tool racks.
Vises.
Work benches, etc.

378. Communication Equipment

This account shall include the cost, installed, of telephone, telegraph and wireless equipment for general use in connection with the utility's operations.

ITEMS

Antennae.
Booths.
Cables.
Distributing boards.
Extension cords.
Gongs.
Hand sets, manual and dial.
Insulators.
Intercommunicating sets.

Loading coils.
Operators' desks.
Poles and fixtures used wholly for telephone or telegraph wire.
Radio transmitting and receiving sets.
Remote control equipment and lines.
Sending keys.
Storage batteries.
Switchboards.
Telautograph circuit connections.
Telegraph receiving sets.
Telephone and telegraph circuits.
Testing instruments.
Towers.
Underground conduit used wholly for telephone or telegraph wires and cable wires.

379. Miscellaneous Equipment

This account shall include the cost of equipment, apparatus, etc., used and useful in the utility's operations, and which is not includible in any other account of this system of accounts.

ITEMS

Billiard tables, including equipment.
Bowling alleys, including equipment.
Hospital and infirmary equipment.
Kitchen equipment.
Miscellaneous recreation equipment.
Radios.
Restaurant equipment.
Soda fountains.
Operators' cottage furnishings.
Other miscellaneous equipment.

Note—General equipment of the nature indicated above wherever practicable shall be assigned to the utility plant accounts on a functional basis. Thus, to illustrate, recreation equipment at a hydraulic power generating station for the benefit of the station employes shall be included in account 325, Miscellaneous Power Plant Equipment.

390. Other Tangible Property

This account shall include the cost of tangible utility plant not provided for elsewhere.

391. Utility Plant Purchased

A. This account shall include the cost of utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation or otherwise, pending the distribution thereof to the appropriate accounts in accordance with utility plant instruction 4.

B. Within six (6) months from the date of acquisition of property recorded herein, there shall be filed with the Commission the proposed journal entries to clear from this account the cost to the utility of the property acquired.

392. Utility Plant Sold

A. This account shall be credited temporarily with the selling price of utility plant, constituting an operating unit or system, sold, conveyed or transferred to another, through sale, merger, consolidation, or otherwise, pending the completion of the accounting for the transaction as provided in utility plant instruction 12.

B. Within six (6) months from the date of sale or transfer of the property there shall be filed with the Commission the proposed journal entries to clear from this account the amounts recorded herein.

INSTRUCTIONS—EARNED SURPLUS ACCOUNT

1. Purpose of Earned Surplus Account

The earned surplus account is the collective title for a group of accounts which form the connecting link between the income account and the balance sheet. The several accounts thereof (400 to 414) are designed to show the changes in earned surplus or deficit during each calendar year resulting from (a) the operations and other transactions during the period as reflected in the income accounts, (b) appropriations or other reservations of earned surplus for specific purposes, (c) accounting adjustments not properly attributable to the period, (d) miscellaneous gains and losses not accounted for elsewhere, and (e) appropriations for dividends.

EARNED SURPLUS ACCOUNT

CREDITS

271. Earned Surplus (at beginning of period)
400. Credit Balance Transferred from Income Account
401. Miscellaneous Credits to Surplus

Total Credits

DEBITS

410. Debit Balance Transferred from Income Account
411. Dividend Appropriations—Preferred Stock
412. Dividend Appropriations—Common Stock
413. Miscellaneous Reservations of Surplus
414. Miscellaneous Debits to Surplus

Total Debits

271. Earned Surplus (at end of period)

CREDITS

400. Credit Balance Transferred from Income Account

This account shall include the net credit balance transferred from the income account for the year.

401. Miscellaneous Credits to Surplus

A. This account shall include all credits affecting the earned surplus or deficit but not provided for elsewhere. Among the items which shall be credited to this account are:

Credits for amounts previously written off through charges to earned surplus.

Delayed credits to income, operating revenue, and operating expense accounts as provided in general instruction 6.

Profits on retirements of the utility's debt securities. (See balance sheet instruction 6.)

B. All items included in this account shall be sufficiently described in the entries relating thereto as to identify them with all accounts affected, and if the credits relate to prior years the amount applicable to each fiscal year shall be shown.

DEBITS

410. Debit Balance Transferred from Income Account

This account shall include the net debit balance transferred from the income account for the year.

411. Dividend Appropriations—Preferred Stock

A. This account shall include amounts declared payable out of surplus or earnings as dividends on actually outstanding preferred or prior lien capital stock issued by the utility, or the amounts credited to a reserve for dividends.

B. Dividends shall be segregated as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment shall be described with sufficient particularity to identify it.

C. This account shall be maintained or supported in such manner as to show separately the dividends on each class and series of preferred stock.

412. Dividend Appropriations—Common Stock

A. This account shall include amounts declared payable out of surplus or earnings as dividends on actually outstanding

common capital stock issued by the utility, or the amounts credited to a reserve for dividends.

B. Dividends shall be segregated as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment shall be described with sufficient particularity to identify it.

C. This account shall be maintained or supported in such manner as to show separately the dividends on each class and series of common stock.

413. Miscellaneous Reservations of Surplus

A. This account shall include the reservations or appropriations of earned surplus for purposes not provided for elsewhere in this system of accounts.

B. The entries to this account shall show the nature of each reservation of earned surplus.

414. Miscellaneous Debits to Surplus

A. This account shall include amounts chargeable to earned surplus but not provided for elsewhere. Among the items which shall be charged hereto are:

Amounts charged to earned surplus to cover past accrued depreciation and amortization not provided for.

Decline in value of investments. (See balance sheet instruction 4.)

Delayed debits to income, operating revenue, and operating expense accounts as provided in general instruction 6.

Payments of amounts previously credited to earned surplus.

Losses on retirement of utility's debt securities. (See balance sheet instruction 6.)

Losses which are not properly chargeable to operating expenses or income and for which reserves have not been provided.

B. All items included in this account shall be sufficiently described in the entries relating thereto as to identify them with all accounts affected, and if the charges relate to prior years, the amount applicable to each fiscal year shall be shown.

INSTRUCTIONS—INCOME ACCOUNTS

1. Purpose of Income Accounts.

The income accounts (501 to 540) are designed to show for each month and each calendar year the operating revenues and expenses, the other income, and income deductions, the net income, the miscellaneous reservations of net income and the amount of income or loss remaining for transfer to earned surplus.

2. Records for Other Income

The records supporting the other income shall be so kept that the utility can furnish detailed statements of the revenues from each source and the expenses and other deductions related to such revenues.

3. Income from Sinking and Other Funds

A. Interest and other revenues derived from funds carried in account 113, Sinking Funds, and account 114, Miscellaneous Special Funds, shall be credited to account 525, Revenues from Sinking and Other Funds.

B. When the income is required by a mortgage or other provisions to be held in the fund from which the income arises, an amount equal to the income shall be added to the fund to which it is applicable.

C. When income derived from sinking funds and other special funds is required to be retained in the fund and the fund is represented by a reserve, the amount of such income accretions to the fund shall be credited to the appropriate reserve account and charged to account 540, Miscellaneous Reservations of Net Income, or account 413, Miscellaneous Reservations of Surplus, as appropriate.

4. Rents Includible in Income Accounts

A. Rents which the utility receives from others for utility operating property, the investment in which is properly includ-

ible in account 100-2, Utility Plant Leased to Others, shall be recorded in account 508, Income from Utility Plant Leased to Others. Rentals from utility property owned by the Utility and properly includible in account 100-1, Utility Plant in Service, shall be credited to account 610, Rent from Electric Property.

B. All expenses, including the provision for depreciation and amortization, if any, applicable to property, the income from which is included in account 508, Income from Utility Plant Leased to Others, shall be charged to that account.

INCOME ACCOUNTS

I. Utility Operating Income

501. Operating Revenues

Operating Revenue Deductions

502. Operating Expenses
503. Depreciation
504. Amortization of Limited-term Utility Investments
505. Amortization of Utility Plant Acquisition Adjustments
506. Property Losses Chargeable to Operations
507. Taxes

Total Operating Revenue Deductions

Net Operating Revenues

508. Income from Utility Plant Leased to Others
510. Rent for Lease of Utility Plant

Utility Operating Income

II. Other Income

520. Income from Merchandising
521. Income from Non-utility Operations
522. Revenues from Lease of Other Physical Property
523. Dividend Revenues
524. Interest Revenues
525. Revenues from Sinking and Other Funds
526. Miscellaneous Non-operating Revenues
527. Non-operating Revenue Deductions

Total Other Income

Gross Income

III. Income Deductions

530. Interest on Long-term Debt.
531. Amortization of Debt Discount and Expense
532. Amortization of Premium on Debt—Cr.

533. Taxes Assumed on Interest
534. Interest on Debt to Affiliated Interests
535. Other Interest Charges
536. Interest Charged to Construction—Cr.
537. Miscellaneous Amortization
538. Miscellaneous Income Deductions
Total Income Deductions
Net Income

IV. Disposition of Net Income

540. Miscellaneous Reservations of Net Income
Balance Transferred to Earned Surplus

I. UTILITY OPERATING INCOME

501. Operating Revenues

Under this caption shall be included the total operating revenues shown in the primary revenue accounts 600 to 615, derived by the utility from its utility operations during the period covered by the income account.

502. Operating Expenses

Under this caption shall be included the total expenses shown in accounts 701 to 809, incurred by the utility in its utility operations during the period covered by the income account.

503. Depreciation

This account shall include such amounts as the utility (or the Commissioner under the provisions of Section 61-217, Oregon Code 1930) may determine to be equitably chargeable to each month's operations, and which, together with such other credits as may be necessary under this system of accounts, will provide a reserve sufficient to protect the service value of the utility's depreciable operating property against any loss from the causes of depreciation hereinbefore defined. (See account 250, Reserve for Depreciation of Utility Plant.)

The amounts charged to this account and credited to account 250, Reserve for Depreciation of Utility Plant, shall be in addition to the necessary costs of keeping said plant in a high state of efficiency through charges to the regular maintenance accounts.

Note—Pending the determination by the Commissioner under the provisions of Section 112-417, O. C. L. A., of rates of depreciation to be applied by each individual utility to its depreciable utility plant, each utility shall be permitted to continue its present practice with respect to depreciation. This provision, however, shall not be construed as an approval by the Commissioner of such present practice of accruing depreciation.

504. Amortization of Limited-term Utility Investments

This account shall include the amount of amortization expenses for the period covered by the income account applicable to the amounts included in utility plant accounts for limited-term franchises, licenses, patent rights, and limited-term interests in land. The charges to this account shall be such as to distribute the book cost of each investment as evenly as may be over the period of its benefit to the utility. (See account 251, Reserve for Amortization of Limited-term Utility Investments.)

505. Amortization of Utility Plant Acquisition Adjustments

A. This account shall be debited or credited, as the case may be, with amounts includible in operating revenue deductions for the purpose of providing for the extinguishment of the amount in account 100-5, Utility Plant Acquisition Adjustments, pursuant to approval or order of the Commission.

B. Amounts recorded in this account shall be concurrently debited or credited, as the case may be, to account 252, Reserve for Amortization of Utility Plant Acquisition Adjustments.

506. Property Losses Chargeable to Operations

This account shall be charged with amounts credited to account 141, Extraordinary Property Losses, when the Commission has authorized the amount in the latter account to be amortized by charges to operations.

507. Taxes

A. This account shall include the amount of federal, state, county, municipal and other taxes, which are properly chargeable to utility operations. (See account 228.)

B. This account shall be charged each month with the amount of taxes which are applicable thereto, and concurrent credits shall be made to account 228, Taxes Accrued. When it is necessary to apportion taxes to utility operations, full details as to the method of and facts considered in the apportionment shall be recorded.

C. When it is not possible to determine the exact amount of taxes, the amount shall be estimated and the estimate for the period charged to this account, and adjustments shall be made as the actual tax levies become known.

D. Taxes assumed by the utility on property leased from others for use in utility operations shall be charged to this account.

E. The charges to this account shall be made or supported so as to show the amount of each kind of tax, and the basis upon which each charge is made.

Note A—Gasoline and other sales taxes shall be charged as far as practicable to the account to which the material on which the tax is levied is charged.

Note B—Taxes assumed by the utility on interest shall be charged to account 533, Taxes Assumed on Interest.

Note C—Taxes on non-operating property the income from which is included in account 521, Income from Non-utility Operation, shall be charged to that account, and taxes on property the income from which is included in account 522, Revenues from Lease of Other Physical Property, shall be charged to account 527, Non-operating Revenue Deductions.

Note D—Taxes on property leased to others, the revenue from which is included in account 508, Income from Utility Plant Leased to Others, shall be charged to that account.

Note E—For taxes chargeable to merchandising and to clearing accounts, see account 520 and accounts 901 to 906.

Note F—Amounts payable annually or more frequently under the terms of franchises, shall be included in account 805, Franchise Requirements.

Note G—Special assessments for street and similar improvements shall be included in the utility plant account in which the property with which the taxes are identified is included.

Note H—Taxes applicable to construction shall be charged to account 106-3, Construction Work in Progress.

Note I—Amounts payable to federal or state governments under the provisions of the Federal Social Security Act and corresponding State Unemployment Compensation Acts on employes' pay roll shall be included in this account, except that any portion thereof which may be applicable to construction pay roll or non-operating pay roll shall be distributed to the appropriate construction or non-operating accounts.

508. Income from Utility Plant Leased to Others

A. This account shall include the rental income from utility property constituting a distinct operating unit or system leased by the utility to others, and which property is properly includible in account 100-2, Utility Plant Leased to Others.

B. This account shall be subdivided as follows:

508-1 Revenues from Plant Leased to Others.

508-2 Expenses of Plant Leased to Others.

C. This account shall be so kept or supported as to show separately the following for each lease:

Rentals.

Expenses.

Depreciation and amortization.

Taxes.

Uncollectible rents.

510. Rent for Lease of Utility Plant

This account shall include rents payable for utility plant consisting of a distinct operating unit or system leased from others for use in operations when the utility has exclusive possession and it is impracticable to allocate the lease rentals to the appropriate rent accounts in operating expenses. (See operating expense instruction 5.)

II. OTHER INCOME

520. Income from Merchandising

A. This account shall include all revenues derived from and expenses incurred in the sale of merchandise.

B. This account shall be subdivided in accordance with the Commissioner's Uniform System of Accounts for merchandising hereinafter set forth in Appendix I.

521. Income from Non-utility Operations

A. This account shall include the revenues from and the expenses incurred in non-utility operations.

B. The expenses shall include every element of cost incurred in such operations, including depreciation, rents, taxes and insurance.

522. Revenues from Lease of Other Physical Property

A. This account shall include all rent revenues from land, buildings or other property not devoted to utility operations.

B. All expenses, such as repairs, depreciation, taxes, uncollectible rents, etc., incurred in connection with the property leased, shall be charged to account 527, Non-operating Revenue Deductions.

523. Dividend Revenues

This account shall include the revenues derived by the utility from dividends on stocks of other companies.

Note A—No amount representing dividends receivable shall be included in this account unless the dividends have been declared or guaranteed.

Note B—No dividends on reacquired securities issued or assumed by the utility shall be included in this account.

Note C—Dividend revenues from securities held in sinking or other special funds shall not be credited to this account but to account 525, Revenues from Sinking and Other Funds.

524. Interest Revenues

Report by this caption the amounts included in accounts 524-1 and 524-2.

524-1. Interest on Securities Owned

This account shall include interest revenues on investments in securities of other companies.

Note A—Interest accrued shall not be credited to this account unless its payment is reasonably assured.

Note B—Interest upon reacquired securities issued or assumed by the utility shall not be credited to this account.

Note C—Interest on securities held in sinking or other special funds shall not be included in this account but in account 525, Revenues from Sinking and Other Funds.

Note D—This account may include for each month the applicable amount requisite to extinguish (during the interval between the date of acquisition and the date of maturity) the difference between the cost to the utility and the par value of securities on which the interest is received. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried. (See balance sheet instruction 4.)

524-2 Other Interest Revenues

This account shall include interest revenues on loans, notes, advances, special deposits, and all other interest bearing assets except as provided in account 524-1.

Note—Interest accrued shall not be credited to this account unless its payment is reasonably assured.

525. Revenues from Sinking and Other Funds

A. This account shall include all revenues (whether interest or dividends) accrued on cash, securities or other assets held in account 113, Sinking Fund, and account 114, Miscellaneous Special Funds.

B. This account may include for each month the applicable amount requisite to extinguish (during the interval between the date of acquisition and the date of maturity) the difference

between the cost to the utility and the par value of debt securities held in sinking or other funds. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried. (See balance sheet instruction 4.)

C. This account covers all revenues from sinking and other funds carried in accounts 113 and 114, whether or not such revenues are required to be retained in the funds. If the revenues are required to be retained in a special fund and the fund is represented by a reserve, the amount of such accretions to the fund shall be concurrently credited to the appropriate reserve account and charged to account 540, Miscellaneous Reservations of Net Income, or account 413, Miscellaneous Reservations of Surplus, as appropriate.

526. Miscellaneous Non-operating Revenues

This account shall include all revenue items, properly includible in the income account and not provided for elsewhere.

ITEMS

Fees collected in connection with the exchange of coupon bonds for registered bonds.

Profits from operations of others realized by the utility under contracts.

527. Non-operating Revenue Deductions

A. This account shall include the expenses, taxes and uncollectible bills applicable to the period covered by the income account which are associated or incurred in connection with the revenues which are includible in accounts 522 to 526, inclusive.

B. This account shall be maintained or supported in such manner as to disclose the expenses or deductions applicable to each non-operating revenue account.

III. INCOME DEDUCTIONS

530. Interest on Long-term Debt

A. This account shall include in each accounting period the amount of interest applicable thereto on outstanding long-

term debt issued or assumed by the utility, the liability for which is included in account 210, Bonds, account 211, Receivers' Certificates, or account 213, Miscellaneous Long-term Debt.

B. The amount charged to this account shall be credited concurrently to account 229-1, Interest Accrued on Long-term Debt.

C. This account shall be so kept or supported by other records as to show the interest accruals on each class and series of long-term debt.

Note—This account shall not include interest on nominally issued or nominally outstanding long-term debt, including securities assumed.

531. Amortization of Debt Discount and Expense

A. This account shall include in each accounting period the portion of unamortized debt discount and expense on outstanding long-term debt which is applicable to such period.

B. The amount of unamortized debt discount and expense chargeable to each accounting period shall be determined in accordance with balance sheet instruction 6.

C. Amounts charged to this account shall be credited concurrently to account 140, Unamortized Debt Discount and Expense.

532. Amortization of Premium on Debt—Cr.

A. This account shall include in each accounting period the portion of unamortized premium on outstanding long-term debt which is applicable to such period.

B. The amount of unamortized premium on debt includible in each accounting period shall be determined in accordance with balance sheet instruction 6.

C. Amounts credited to this account shall be charged concurrently to account 240, Unamortized Premium on Debt.

533. Taxes Assumed on Interest

This account shall include amounts paid to holders of the bonds or other indebtedness of the utility, or amounts paid to governmental agencies in their behalf in respect to income and other taxes levied against the income from such debt or levied as a tax on ownership of the debt, where such taxes are assumed by the utility.

534. Interest on Debt to Affiliated Interests

There shall be reported by this caption the amounts included in accounts 534-1 and 534-2.

534-1 Interest on Advances from Affiliated Interests

A. This account shall include interest accrued on amounts included in account 212, Advances from Affiliated Interests.

B. The records supporting the entries to this account shall be so kept as to show to whom the interest is to be paid, the period covered by the accrual, the rate of interest and the principal amount of the advances on which the interest is accrued.

534-2 Interest on Other Debt to Affiliated Interests

A. This account shall include interest accrued on amounts recorded in account 223-1, Notes Payable to Affiliated Interests, on amounts recorded in account 223-2, Accounts Payable to Affiliated Interests, and on any other obligation to affiliated interests, except advances from such affiliated interests, the interest on which is includible in account 534-1.

B. The records supporting the entries to this account shall be so kept as to show to whom the interest is to be paid, the period covered by the accrual, the rate of interest, the nature of the obligation on which accrued, and the amount or amounts credited with the accrual.

535. Other Interest Charges

A. This account shall include all interest charges not provided for elsewhere.

B. A list of some of the items of indebtedness, the interest on which is chargeable to this account, follows:

Assessments for public improvements past due.
Claims and judgments.
Customers' deposits.
Notes payable on demand or maturing one year or less from date, except notes payable to affiliated interests.
Open accounts except with affiliated interests.
Tax assessments past due.

C. Interest accrued on the balance in the depreciation reserve and credited to such reserve account under the sinking

fund theory of depreciation shall be included in a subdivision of this account.

536. Interest Charged to Construction—Cr.

This account shall include concurrent credits for interest charged to construction in accordance with utility plant instruction 5 (17).

537. Miscellaneous Amortization

This account shall include amortization expenses not elsewhere provided for in this system of accounts, and also such amounts as the Commission may, by order require to be included herein, such as amortization of amounts in account 100.5, Utility Plant Acquisition Adjustments.

538. Miscellaneous Income Deductions

This account shall include miscellaneous debits to income not provided for elsewhere.

ITEMS

Annual or periodic fees paid to trustees and fiscal agents for duties performed in connection with the utility's mortgages and funded debt.

Decline in value of investments. (See balance sheet instruction 4.)

Donations and contributions for charitable, social or community welfare purposes, and for other purposes, unless specifically authorized by the Commissioner as properly includible in account 801.

Expenditures for affiliated interests for which the utility will not be reimbursed. (See note B account 111-2.)

IV. DISPOSITION OF NET INCOME

540. Miscellaneous Reservations of Net Income

A. This account shall include reservations of net income, such as may be required under the terms of mortgages, deeds of trust, orders of courts, contracts, or other agreements, and other reservations of net income.

B. Amounts charged to this account shall be credited concurrently to the appropriate reserve account.

C. The entries in this account shall show the nature of each reservation of income.

INSTRUCTIONS—OPERATING REVENUE ACCOUNTS

1. Purpose of Operating Revenue Accounts

The operating revenue accounts (600 to 615) are designed to show the amounts of money which the utility becomes entitled to receive from furnishing utility service and from service incidental thereto, including amounts for services rendered but not yet billed, where the utility exercises its option and records on its books such accrued utility revenue. (See account 130, Accrued Utility Revenues.)

2. Basis of Credits to Operating Revenue Accounts

Credits to the operating revenue accounts shall be made on the basis of the net price charged. Discounts forfeited and penalties charged for delayed payments shall be credited to account 612, Customers' Forfeited Discounts and Penalties. Corrections of overcharges and overcollections theretofore credited, authorized abatements and allowances, and other corrections shall be charged to the revenue accounts to which they relate.

3. Commissions on Electric Sales

If the utility distributes all or a part of its electric energy through an agent but the sales are made to consumers under rate schedules filed by the utility, then the utility shall credit its revenue accounts with the full amount of sales to consumers. The commission paid to the agent shall be charged to account 804, Commissions Paid under Agency Sales Contracts, and any distribution expenses charged by the agent shall be debited to the appropriate expense accounts. Agents shall credit the amount of commissions earned to operating revenue account 615, Miscellaneous Electric Revenues.

4. Electricity Supplied Without Direct Charge

Electricity supplied to municipalities, or to other governmental units, without charge, in accordance with franchise and similar requirements, shall be charged to account 805, Franchise Requirements, and credited concurrently to account 806, Duplicate Miscellaneous Charges—Cr.

5. Electricity Used by Utility

A. If the utility desires to charge the appropriate accounts in any of its electric operations with the cost of electricity used from its own supply, the credit therefore shall not be made to operating revenue accounts, but to account 306, Duplicate Miscellaneous Charges—Cr.

B. Electricity supplied by the utility from its own supply to other departments shall be accounted for in the following manner: If the energy is supplied under a definite arrangement whereby the actual costs, by accounts, are allocated between or among the departments using the energy, the credit in the accounts of the electric department shall be made to the appropriate joint expense credit account or accounts, except that the amount of any return or interest, and the amount of depreciation and taxes charged against the other departments shall be credited to account 611, Interdepartmental Rents. If the charges are at specified rates or at tariff rates for the energy supplied, then the entire amount charged shall be credited to account 607, Interdepartmental Sales.

6. Supporting Records

Each utility shall so keep the records supporting the entries to each electric operating revenue account that it can furnish: (1) the name of each customer, (2) the quantity of electric energy furnished to each customer, (3) the amount charged for electric energy furnished each customer, and (4) the rate schedule or schedules under which the charge is made. Each utility shall also be prepared to report, upon request, within a reasonable time, for each month or other billing period and for each year, the quantity of energy sold and the charges therefor, by rate schedules.

7. Segregation of Sales to Affiliated Interests

The utility shall keep its records in such manner as to be able to report the amount of sales by rate schedules, and the kilowatt hours sold to each affiliated interest.

OPERATING REVENUE ACCOUNTS

I. Sales of Electric Energy

600. Residential or Domestic Sales
601. Rural Sales
602. Commercial and Industrial Sales
603. Public Street and Highway Lighting
604. Other Sales to Public Authorities
605. Sales to Other Electric Utilities
606. Sales to Railroads and Railways
607. Interdepartmental Sales
608. Other Sales

II. Other Electric Revenues

610. Rent from Electric Property
611. Interdepartmental Rents
612. Customers' Forfeited Discounts and Penalties
613. Sales of Water and Water Power
614. Servicing of Customers' Installations
615. Miscellaneous Electric Revenues

I. SALES OF ELECTRIC ENERGY

600. Residential or Domestic Sales

A. This account shall include revenues from electric energy supplied for residential or domestic purposes.

B. When electric energy supplied through a single meter is used for both residential and commercial purposes, the total revenue shall be included in this account, or account 602, Commercial and Industrial Sales, according to the principal use.

Note—Exclude from this account and include in account 601 Rural Sales, revenues from electric energy supplied to rural and farm customers under rate schedules which are applicable to rural and farm customers only.

601. Rural Sales

This account shall include revenues from electric energy supplied to rural and farm customers and billed under distinct rural or farm rates.

602. Commercial and Industrial Sales

A. This account shall include revenues from electric energy supplied for commercial and industrial purposes.

B. When electricity supplied through a single meter is used for both commercial and residential purposes, the total revenue shall be included in this account, or in account 600, Residential or Domestic Sales, according to the principal use.

603. Public Street and Highway Lighting

This account shall include revenues from electric energy supplied and services rendered for the purpose of lighting streets, highways, parks and other public places for municipalities or other divisions or agencies of state or federal government.

604. Other Sales to Public Authorities

This account shall include the revenues from the sale of electric energy supplied to municipalities or divisions or agencies of federal or state governments, under special contracts or agreements or service classifications applicable only to public authorities, except such revenues as are includible in accounts 603 and 605.

605. Sales to Other Electric Utilities

A. This account shall include revenues from electric energy supplied to other electric utilities or to public authorities for redistribution.

B. Revenues from electric energy supplied to other public utilities for use by them and not for distribution, shall be included in account 602, Commercial and Industrial Sales, unless supplied under the same contract as and not readily separable from revenues includible in this account.

606. Sales to Railroads and Railways

This account shall include revenues derived from electric energy supplied to railroads, and interurban and street railways, for general railroad use, including the propulsion of cars or locomotives, where such energy is supplied under separate and distinct rate schedules.

607. Interdepartmental Sales

This account shall include the amounts charged to other departments of the utility by the electric department for energy supplied by the latter, if the charges are at tariff or other specified rates for the energy supplied. (See operating revenue instruction 5 and account 611, Interdepartmental Rents.)

608. Other Sales

This account shall include revenues derived from sales of electric energy which are not properly includible in the revenue accounts 600 to 607, inclusive.

II. OTHER ELECTRIC REVENUES

610. Rent from Electric Property

A. This account shall include rents received for the use by others of land, buildings, and other property devoted to electric operations by the utility. This covers such matters as rent from pole attachments, office buildings, stations, land, etc.

B. When the utility employs some of its utility plant for the benefit of another or others under a definite arrangement for apportioning the actual expenses by accounts among the several participants in the arrangement, and such arrangement provides for the receipt by the accounting utility of any profit or return upon its property, such profit or return, together with the amount of depreciation and taxes charged to another or others pursuant to the arrangement, shall be credited to this account. (See operating expense instruction 6.)

Note—Do not include rents from property constituting an operating unit or system in this account. (See account 508, Income from Utility Plant Leased to Others.)

611. Interdepartmental Rents

This account shall include the rents creditable to the electric department on account of rental charges made against other departments of the utility. In the case of property operated under a definite arrangement to allocate the costs, by accounts, among the departments using the property, the reimbursement to the electric department for operating and maintenance expenses shall be credited to the appropriate joint expense credit account or accounts, but the reimbursement for interest or

return and depreciation and taxes shall be credited to this account. (See operating expense instruction 6.)

Note—Charges for energy supplied other departments at tariff or other specified rates shall not be included in this account but in account 607, Interdepartmental Sales. (See operating revenue instruction 5.)

612. Customers' Forfeited Discounts and Penalties

This account shall include the amounts which the utility allows its customers on condition that they pay their electric bills on or before a specified date and which are forfeited by the customers because of failure to pay within the specified time as well as the amounts of penalties imposed by the utility on its customers because of failure to pay bills within a specified time.

613. Sales of Water and Water Power

A. This account shall include revenues derived from the sale of water for irrigation, domestic, industrial or other uses, or for development by others of water power; also, revenues derived from furnishing water power for mechanical purposes when the investment in the property used in supplying such water or water power is carried in account 100-1, Utility Plant in Service.

B. The records for this account shall be kept in such manner as to permit an analysis of the rates charged and the purposes for which the water was used, such as city water supply, development of electricity by other utilities, industrial uses, irrigation, etc.

614. Servicing of Customers' Installations

This account shall include revenues accruing to the utility from charges to customers on account of the maintenance of appliances, wiring, piping, or other installations on customers' premises including jobbing and contract work.

615. Miscellaneous Electric Revenues

This account shall include revenues derived from electric operations not includible in any of the foregoing accounts. This covers such items as fees and charges for changing, connecting and disconnecting service, profit on the sale of materials and supplies not ordinarily purchased for resale, commissions on sales or distribution of others' electric energy (sold under rates filed by such others); management or supervision fees, sale of steam (except where the utility furnishes steam heating service); and rentals from property included in account 362, Leased Property on Customers' Premises.

INSTRUCTIONS—OPERATING EXPENSE ACCOUNTS

1. Purpose of Operating Expense Accounts.

The operating expense accounts (701 to 809) are designed to show in detail the cost (except depreciation, amortization, certain property losses and taxes) of furnishing utility service. (See general instructions 6 and 7.)

2. Maintenance, Cost of.

A. The cost of maintenance chargeable to the various operating expense accounts and to clearing accounts includes labor, materials, overhead and other expenses incurred in maintenance work such as:

Associated costs of local plant supervision.

Cost of transportation, shop and stores expense, and use of tools and implements.

Cutting and replacing pavement, pavement base, and sidewalks in connection with repairs.

Inspecting and testing after repairs have been made.

Inspecting, testing (except routine tests of transformers and meters), and reporting on the condition of utility plant in service specifically to determine the need for repairs, minor replacements, rearrangements and changes.

Replacing minor items of plant. (See utility plant instruction 12, c.)

Rearranging and changing the location of property not retired.

Repairing materials for reuse.

Restoring the condition of property damaged by storms, breakage, floods, fire, accident, or other casualties (see paragraph B, below).

Restoring the condition of property damaged by wear and tear, decay, or action of the elements (see paragraph B, below).

Routine work (see also paragraph B, below) to prevent trouble, such as pulling up slack, tightening guys and raking guy stubs, straightening poles and crossarms and cleaning and adjusting equipment.

Testing for, locating, and clearing trouble.

Training employes for maintenance work.

B. The cost of maintenance does not include the cost of replacing items of property designated as "units of property". (See utility plant instruction 12.)

C. Materials recovered in connection with the maintenance of property shall be credited to the same account to which the maintenance cost was charged.

D. If the book cost of any property is carried in account 391, Utility Plant Purchased, the cost of maintaining such property shall be charged to the accounts for maintenance of property of the same class and use, the book cost of which is carried in other utility plant in service accounts. Maintenance of property leased from others shall be treated as provided in operating expense instruction 5.

3. Salvage and Insurance

A. Salvage and insurance recovered in connection with maintenance jobs shall be credited to the appropriate maintenance accounts.

B. If the amount of insurance recovered is relatively large and is received before the repairs have been completed, a disproportionate credit to operating expenses may be avoided by crediting the amount of the insurance recovered to a suspense account, to which the cost of repairs shall then be charged to the extent covered by insurance.

C. Insurance recovered in connection with personal injuries charged to account 799, Injuries and Damages, shall be credited to that account.

D. Dividends distributed by mutual insurance companies shall be credited to the accounts to which the insurance premiums were charged.

E. Recoveries under fidelity bonds shall be credited to the account charged with the loss.

4. Supervision and Engineering

The supervision and engineering includible in the operating expense accounts shall consist of the pay and expenses (company and railroad transportation, lodging, meals, taxi and car fares and other traveling and incidental expenses) of superintendents, engineers, clerks, other employes and consultants

engaged in supervising and directing the operations and maintenance of each utility function; also office supplies and expenses, including the maintenance of office furniture and equipment. Wherever allocations are necessary in order to arrive at the amount to be included in any account, the method and basis of allocation shall be preserved.

5. Operating Rents

A. Rent expense accounts are provided under each functional group of expense accounts. These accounts shall be charged with all rents paid for property used in utility operations. If the rents cover property used for more than one function, such as production and transmission, the rents shall be apportioned to the appropriate rent expense accounts on an actual, or, if necessary, an estimated basis; provided, however, that if it is impracticable to apportion the rents, they may be included in account 510, Rent for Lease of Utility Plant.

B. Rents paid for property devoted to operations for which clearing accounts are used shall be charged to the appropriate clearing account.

C. The cost, when incurred by the lessee, of operating and maintaining leased property, shall be charged to the accounts appropriate for the expense if the property were owned.

D. Taxes paid by the lessee upon leased property shall be charged to account 507, Taxes.

E. When the lessee is responsible for the replacement of utility plant leased from others, the costs of replacements shall be charged to the appropriate rent expense or clearing account, unless a reserve therefor has been provided, in which event the charge shall be to the reserve. (See utility plant instruction 7.)

F. When a portion of property or equipment rented from others for use in connection with utility operations is subleased, the revenue derived from such subleasing shall be credited to account 610, Rent from Electric Property; provided, however, that in case the rent was charged to a clearing account, amounts received from subleasing the property shall be credited to such clearing account.

G. If leased property is used by more than one department, the rental on such property shall be apportioned to the appropriate rent or clearing accounts of the various departments of the utility.

H. Property operated jointly by the utility and another or others under a definite arrangement whereby the actual segregated costs are shared between or among the parties shall be considered for the purpose of this system of accounts as a joint facility, and the accounting in connection therewith shall be handled as provided in operating expense instruction 6, following.

6. Joint Facility Rents and Expenses

A. A joint facility for the purpose of this system of accounts is defined as any property occupied or used jointly by the utility and another or others under a definite arrangement whereby the actual segregated costs are shared between or among the parties. Property of the utility occupied or used under a similar definite arrangement between the electric department and a coordinate department or departments shall likewise be considered as a joint facility. (See operating revenue instruction 5.)

B. Where the utility owns the joint facility, any amount received or transferred as reimbursement of operating or maintenance expenses shall be credited to the appropriate "joint expense—credit" or clearing account except credits for steam transferred, which shall be entered in account 712, Steam Transferred—Cr., amounts received or transferred covering depreciation, taxes and interest or return, shall be credited, in the case of another or others, to account 610, Rent from Electric Property, and in the case of coordinate departments to account 611, Interdepartmental Rents.

C. Any amount paid by or transferred to the utility for occupancy or use of a joint facility shall be charged to the appropriate "Joint expense—debit" or clearing account or accounts.

D. In the event that joint facilities are used by either party in connection with construction work, credits for the full amount received and charges for the full amount paid, as the case may be, shall be made direct to the construction accounts affected.

E. These instructions are not intended to cover cases of joint ownership of pole lines and other property where each joint owner bears the cost of operating and maintaining its own property. In such cases the cost of operation and maintenance shall be recorded in the appropriate operating expense accounts

other than the "joint expense" debit or credit accounts even though one of the joint owners operates or maintains the property and bills against other owners for all or a portion of the expenses incurred.

F. Electricity supplied by the utility from its own supply to a coordinate department shall be accounted for as provided in operating revenue instruction 5. If the utility desires to charge the appropriate accounts in any of its electric operations with the cost of electricity used from its own supply, credit therefor shall not be made to joint expense accounts but to account 806, Duplicate Miscellaneous Charges—Cr.

G. If the arrangement regarding use of facilities does not provide for the allocation of actual segregated costs, the facilities shall not be considered as joint.

7. Records for Each Plant.

A. Separate records shall be maintained, by operating and maintenance accounts, for the direct cost of operating and maintaining each electric plant owned or operated. (See general instruction 11 for definition of "plant.")

B. If the utility generates electric energy by two or more different methods, such as by steam and water power, at the same location, each method shall be treated as a separate plant.

C. Electric energy obtained from another company shall be separately accounted for.

OPERATING EXPENSE ACCOUNTS

I. Production Expenses

A. Electric Generation—Steam Power

Operation:			
B	A	701.	Operation Supervision and Engineering
B		702.	Station Labor
	A	702–1.	Boiler Labor
	A	702–2.	Prime Mover and Generator Labor
	A	702–3.	Electric Labor
	A	702–4.	Miscellaneous Station Labor
B	A	703.	Fuel
B	A	704.	Water
B		705.	Supplies and Expenses
	A	705–1.	Lubricants
	A	705–2.	Station Supplies
	A	705–3.	Station Expenses
Maintenance:			
B	A	706.	Maintenance Supervision and Engineering
B	A	707.	Maintenance of Structures and Improvements
B		708.	Maintenance of Boiler Plant Equipment
	A	708–1.	Maintenance of Fuel Storage, Handling and Weighing Equipment
	A	708–2.	Maintenance of Furnaces and Boilers
	A	708–3.	Maintenance of Boiler Apparatus
	A	708–4.	Maintenance of Steam Piping and Accessories
B		709.	Maintenance of Generating and Electric Equipment
	A	709–1.	Maintenance of Prime Movers and Generators
	A	709–2.	Maintenance of Accessory Electric Equipment
	A	709–3.	Maintenance of Miscellaneous Power Plant Equipment
Miscellaneous:			
B	A	710.	Rents
B	A	711.	Steam from Other Sources
B	A	712.	Steam Transferred—Cr.
B	A	713.	Joint Expenses—Dr.
B	A	714.	Joint Expenses—Cr.

B. Electric Generation—Hydraulic Power

Operation:

B	A	715.	Operation Supervision and Engineering
B		716.	Station Labor
	A	716–1.	Hydraulic Labor
	A	716–2.	Prime Mover and Generator Labor
	A	716–3.	Electric Labor
	A	716–4.	Miscellaneous Station Labor
B	A	717.	Water for Power
B		718.	Supplies and Expenses
	A	718–1.	Lubricants
	A	718–2.	Station Supplies
	A	718–3.	Station Expenses

Maintenance:

B	A	719.	Maintenance Supervision and Engineering
B	A	720.	Maintenance of Structures and Improvements
B	A	721.	Maintenance of Reservoirs, Dams and Waterways
B		722.	Maintenance of Generating and Electric Equipment
	A	722–1.	Maintenance of Prime Movers and Generators
	A	722–2.	Maintenance of Accessory Electric Equipment
	A	722–3.	Maintenance of Miscellaneous Power Plant Equipment
B	A	723.	Maintenance of Roads, Railroads and Bridges

Miscellaneous:

B	A	724.	Rents
B	A	725.	Joint Expenses—Dr.
B	A	726.	Joint Expenses—Cr.

C. Electric Generation—Internal Combustion Engine Power

Operation:

B	A	727.	Operation Supervision and Engineering
B		728.	Station Labor
	A	728–1.	Engine Labor
	A	728–2.	Electric Labor
	A	728–3.	Miscellaneous Station Labor

B	A	729.	Engine Fuel
B		730.	Supplies and Expenses
	A	730–1.	Water
	A	730–2.	Lubricants
	A	730–3.	Station Supplies
	A	730–4.	Station Expenses

Maintenance:

B	A	731.	Maintenance Supervision and Engineering
B	A	732.	Maintenance of Structures and Improvements
B	A	733.	Maintenance of Fuel Holders, Producers and Accessories
B		734.	Maintenance of Generating and Electric Equipment
	A	734–1.	Maintenance of Engines
	A	734–2.	Maintenance of Generators
	A	734–3.	Maintenance of Accessory Electric Equipment
	A	734–4.	Maintenance of Miscellaneous Power Plant Equipment

Miscellaneous:

B	A	735.	Rents
B	A	736.	Joint Expenses—Dr.
B	A	737.	Joint Expenses—Cr.

D. Other Production Expenses and Credits

B	A	738.	Purchased Power
B	A	739.	Interchange Power
B	A	740.	Other Expenses
B	A	741.	Joint Expenses—Dr.
B	A	742.	Joint Expenses—Cr.

II. Transmission Expenses

Operation:

B	A	743.	Operation Supervision and Engineering
B	A	744.	Load Dispatching Labor and Expenses
B		745.	Operation of Stations
	A	745–1.	Station Labor
	A	745–2.	Station Supplies and Expenses
B		746.	Operation of Lines
	A	746–1.	Overhead Lines
	A	746–2.	Underground Lines

Maintenance:

B A	747.	Maintenance Supervision and Engineering
B A	748.	Maintenance of Structures and Improvements
B A	749.	Maintenance of Station Equipment
B	750.	Maintenance of Overhead System
A	750–1.	Maintenance of Towers and Fixtures
A	750–2.	Maintenance of Poles and Fixtures
A	750–3.	Maintenance of Conductors and Devices
B	751.	Maintenance of Underground System
A	751–1.	Maintenance of Conduit
A	751–2.	Maintenance of Conductors and Devices
B A	752.	Maintenance of Roads and Trails

Miscellaneous:

B A	753.	Rents
B A	754.	Joint Expenses—Dr.
B A	755.	Joint Expenses—Cr.

III. Distribution Expenses

Operation:

B A	756.	Operation Supervision and Engineering
B A	757.	Load Dispatching Labor and Expenses
B	758.	Distribution Office Expenses
A	758–1.	Distribution Maps and Records
A	758–2.	Other Distribution Office Expenses
B	759.	Operation of Stations
A	759–1.	Station Labor
A	759–2.	Station Supplies and Expenses
B	760.	Operation of Storage Batteries
A	760–1.	Storage Battery Labor
A	760–2.	Storage Battery Supplies and Expenses
B	761.	Operation of Lines
A	761–1.	Overhead Lines
A	761–2.	Underground Lines
A	761–3.	Removing and Resetting Line Transformers
B	762.	Services on Customers' Premises
A	762–1.	Removing and Resetting Meters
A	762–2.	Other Services on Customers' Premises

B	763.	Operation of Street Lighting and Signal Systems
A	763–1.	Overhead Systems
A	763–2.	Underground Systems

Maintenance:

B A	764.	Maintenance Supervision and Engineering
B A	765.	Maintenance of Structures and Improvements
B A	766.	Maintenance of Station Equipment
B A	767.	Maintenance of Storage Battery Equipment
B	768.	Maintenance of Overhead System
A	768–1.	Maintenance of Poles, Towers and Fixtures
A	768–2.	Maintenance of Conductors and Devices
B	769.	Maintenance of Underground System
A	769–1.	Maintenance of Conduit
A	769–2.	Maintenance of Conductors and Devices
B A	770.	Maintenance of Line Transformers and Devices
B A	771.	Maintenance of Services
B A	772.	Maintenance of Meters
B A	773.	Maintenance of Installations on Customers' Premises
B A	774.	Maintenance of Leased Property on Customers' Premises
B A	775.	Maintenance of Street Lighting and Signal Systems

Miscellaneous:

B A	776.	Rents
B A	777.	Joint Expenses—Dr.
B A	778.	Joint Expenses—Cr.

IV. Customers' Accounting and Collecting Expenses

B A	779.	Supervision
B	780.	Customers' Contracts, Orders, Meter Reading and Collecting
A	780–1.	Customers' Contracts and Orders
A	780–2.	Credit Investigations and Records
A	780–3.	Meter Reading
A	780–4.	Collecting

B A	781.	Customers' Billing and Accounting
B A	782.	Miscellaneous Expenses
B A	783.	Uncollectible Accounts
B A	784.	Rents

V. Sales Promotion Expenses

B A	785.	Supervision
B A	786.	Salaries and Commissions
B	787.	Demonstration, Advertising and Other Sales Expenses
A	787–1.	Demonstration
A	787–2.	Advertising
A	787–3.	Miscellaneous Sales Expenses
B A	788.	Rents

VI. Administrative and General Expenses

B A	790.	Salaries of General Officers and Executives
B A	791.	Other General Office Salaries
B	792.	Expenses of General Officers and General Office Employes
A	792–1.	Expenses of General Officers
A	792–2.	Expenses of General Office Employes
B A	793–1.	General Office Supplies and Expenses
B A	793–2	Operation of Communication System
B A	794.	Management and Supervision Fees and Expenses
B A	795.	Special Services
B A	796.	Legal Services
B A	797.	Regulatory Commission Expenses
B A	798.	Insurance
B A	799.	Injuries and Damages
B	800.	Employes' Welfare Expenses and Pensions
A	800–1.	Employes' Welfare Expenses
A	800–2.	Pensions

B	A	801.	Miscellaneous General Expenses
B		802.	Maintenance of General Property.
	A	802–1.	Maintenance of Structures and Improvements
	A	802–2.	Maintenance of Office Furniture and Equipment
	A	802–3.	Maintenance of Communication Equipment
	A	802–4.	Maintenance of Miscellaneous Property.
B	A	803.	Rents
B	A	804.	Commissions Paid Under Agency Sales Contracts
B	A	805.	Franchise Requirements
B	A	806.	Duplicate Miscellaneous Charges—Cr.
B	A	807.	Administrative and General Expense Transferred—Cr.
B	A	808.	Joint Expenses—Dr.
B	A	809.	Joint Expenses—Cr.

I. PRODUCTION EXPENSES

A. Electric Generation—Steam Power

OPERATION

B A 701. Operation Supervision and Engineering

This account shall include the cost of supervising and directing the operation of steam power generating stations. (See operating expense instruction 4.)

Note—The cost of fuel analysis shall be charged to account 131-1, Materials and Supplies—Utility.

B 702. Station Labor

A 702–1. Boiler Labor

This account shall include the pay of employes in boiler rooms and elsewhere about the premises engaged in making steam.

ITEMS

Boiler house engineer and assistants.
Feed pump men.
Firemen.
Furnace operators.
Helpers.
Janitors.
Stoker attendants.
Stokers.
Watchmen.
Water tenders.
Weighers.
Labor employed in:
- Blowing flues.
- Cleaning boilers.
- Handling coal and ashes (within the boiler plant).
- Pulverizing coal.
- Testing steam meters and gauges and other instruments.

A 702–2. Prime Mover and Generator Labor

This account shall include the pay of employes engaged in operating prime movers and generators, including steam engines, steam turbines, main generators, turbo-generator units and auxiliary apparatus operated in connection therewith.

ITEMS

Engineers and assistants.
Floor attendants.
Machinists and helpers.
Oilers.
Turbo-generator attendants.
Wipers.

A 702–3. Electric Labor

This account shall include the pay of employes engaged in operating electric equipment (switchboards, feeder terminal boards, and other electric equipment) within the steam power generating plant and to the point where electricity leaves for conversion to transmission or distribution voltage.

ITEMS

Electricians.
Foremen and assistants.
Gallerymen.
Switchboard operators and assistants.
Wiremen.

A 702–4. Miscellaneous Station Labor

This account shall include the pay of employes engaged in operating steam power generating stations, when such pay is not chargeable to the foregoing steam power plant labor accounts.

ITEMS

Elevator men.
Insect control labor.
Janitors.
Messengers.
Watchmen.
Yard and building cleaners.

B A 703. Fuel

A. This account shall include the cost delivered at stations, including cost of transferring from one station to another, (see

account 131-1, Materials and Supplies—Utility) of coal, oil, gas, or other fuel used in the production of steam which is used for the production of electric energy by steam power. It shall also include the net cost, or amount realized from the disposal, of ashes.

B. Records shall be maintained to show the quantity, B.T.U. content, if available, and cost of each type of fuel used.

B A 704. Water

This account shall include the cost of water for boilers and condensers and for cooling engines. If water is purchased, the charge shall be at the contract price or the meter rate; if pumped by the utility, the cost of pumping shall be charged to this account.

ITEMS

Employes:
- Filter cleaners.
- General labor.
- Pumping station operators.
- Screen operators.
- Water supply system operators.

Supplies:
- Boiler compounds.
- Chemicals.
- Lubricants.
- Pumping supplies.
- Supplies (miscellaneous).
- Water purchased.

Note—Do not include in this account water used for general station purposes or the cost of maintaining water supply systems.

B 705. Supplies and Expenses

A 705-1. Lubricants

This account shall include the cost of lubricants for machinery in steam power generating stations, including the cost of recovering oil from waste and the cost of handling and filtering.

Note A—Oil used in pumping water shall be charged to account 704, Water.
Note B—Do not include in this account oil for transformers, grease or oil for automobiles, trucks and wagons, or oil for lamps or for similar purposes.

A 705–2. Station Supplies

This account shall include the cost of all supplies, tools, etc. used in steam power generating stations.

ITEMS

Dynamo brushes.
Fireroom tools.
Gauge glasses.
Hand hole gaskets.
Manhole gaskets.
Packing.
Steam and air hose.
Tools (hand).
Washers.
Waste.
Wipers.

A 705–3: Station Expenses

This account shall include miscellaneous expenses, which are not specifically provided for in other operating expense accounts, incurred in the operation of steam power generating stations.

ITEMS

Boiler inspection fees.
Building service (not including rent).
Communication service.
Insect control material.
Log sheets and charts.
Meter supplies.
Stationery and office supplies.
Transportation.
Water for fire protection or for general use.
Employes' service facilities expense.

MAINTENANCE

B A 706. Maintenance Supervision and Engineering

This account shall include the cost of supervising and directing the maintenance of steam power generating stations. (See operating expense instruction 4.)

B A 707. Maintenance of Structures and Improvements

This account shall include the cost of maintenance of buildings, structures, fixtures, and improvements at steam power generating stations, the book cost of which is included in account 311, Structures and Improvements.

B 708. Maintenance of Boiler Plant Equipment

A 708–1. Maintenance of Fuel Storage, Handling and Weighing Equipment

This account shall include the cost of maintenance of fuel handling, ash disposal and pulverizing equipment at steam power generating stations, the book cost of which is included in account 312, Boiler Plant Equipment.

A 708–2. Maintenance of Furnaces and Boilers

This account shall include the cost of maintenance of boilers and furnaces at steam power generating stations, the book cost of which is included in account 312, Boiler Plant Equipment.

A 708–3. Maintenance of Boiler Apparatus

This account shall include the cost of maintenance of auxiliary apparatus in boiler rooms at steam power generating stations, the book cost of which is included in account 312, Boiler Plant Equipment, such as air preheaters, draft apparatus foundations, feed water apparatus, pumps, and water purification system.

A 708–4. Maintenance of Steam Piping and Accessories

This account shall include the cost of maintenance of steam power generating station piping systems and accessories used in connection with the making of steam and the delivery thereof to the prime movers, the book cost of which is included in account 312, Boiler Plant Equipment.

B 709. Maintenance of Generating and Electric Equipment

A 709–1. Maintenance of Prime Movers and Generators

This account shall include the cost of maintenance of main steam engines and steam turbines, generators and turbo-generator units, and auxiliary apparatus. The book cost of which is included in account 313, Engines and Engine Driven Generators, and account 314, Turbo-generator Units.

A 709–2. Maintenance of Accessory Electric Equipment

This account shall include the cost of maintenance of accessory electric equipment, in steam power generating stations, the book cost of which is included in account 315, Accessory Electric Equipment.

A 709–3. Maintenance of Miscellaneous Power Plant Equipment

This account shall include the cost of maintenance of miscellaneous steam power plant equipment, the book cost of which is included in account 316, Miscellaneous Power Plant Equipment.

MISCELLANEOUS

B A 710. Rents

This account shall include all rents of property of others used, occupied, or operated in connection with steam power generation. (See operating expense instruction 5.)

B A 711. Steam from Other Sources

This account shall include the cost of steam purchased for use in steam engines and turbines devoted to the production of electricity; also charges for steam transferred to electric generation from another operating department of the company.

Note. The records shall be so kept as to show separately for each company from which steam is purchased, the point of delivery, the quantity, the price, and the total charge. When steam is transferred from another operating department, the utility shall be prepared to show full details of the cost of producing such steam, the basis of the charges to electric generation, and the extent and manner of use by each department involved.

B A 712. Steam Transferred—Cr.

This account shall include such portion of the cost of operating and maintaining joint facilities operated by the utility in connection with the production of steam as is charged to others or to a coordinate department. (See operating expense instruction 6.)

B A 713. Joint Expenses—Dr.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied, or operated in connection with steam power generation. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

Charges from others.

Charges from coordinate departments.

Note. Charges for steam produced in joint facilities shall not be included in this account but in account 711, Steam from Other Sources.

B A 714. Joint Expenses—Cr.

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the electric department in connection with steam power generation as is charged to others or to a coordinate department. (See operating expense instruction 6.)

B. The records supporting the entries to the account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

Charges to others.

Charges to coordinate departments.

Note—Credits for steam transferred, produced in joint facilities, shall not be included in this account but in account 712, Steam Transferred—Cr.

B. Electric Generation—Hydraulic Power

OPERATION

B A 715. Operation Supervision and Engineering

This account shall include the cost of supervising and directing the operation of hydraulic power generating stations. (See operating expense instruction 4.)

B 716. Station Labor

A 716–1. Hydraulic Labor

This account shall include the pay of employes engaged in operating hydraulic works, including reservoirs, dams, and waterways, and all other employes whose duties concern the operation of the hydroelectric development outside of the generating station.

ITEMS

Cleaners at reservoirs and screens.
Flume patrolmen.
Foremen.
Insect control labor.
Intake operators.

A 716–2. Prime Mover and Generator Labor

This account shall include the pay of employes engaged in operating hydraulic power driven prime movers, generators, turbo-generator units and the auxiliary apparatus operated in connection therewith.

ITEMS

Foremen and assistants.
Generator attendants.
Machinists.
Oilers.
Wipers.

A 716–3. Electric Labor

This account shall include the pay of employes engaged in operating switchboards, feeder terminal boards, and other electric equipment in hydraulic power generating stations, to the point where electricity leaves for conversion to transmission or distribution voltage.

ITEMS

Electricians.
Foremen and assistants.
Gallerymen.
Switchboard operators and assistants.
Wiremen.

A 716–4. Miscellaneous Station Labor

This account shall include the pay of employes engaged in operating hydraulic power generating stations except such pay as is chargeable to the foregoing hydraulic power plant labor accounts.

ITEMS

Elevator men.
Janitors.
Messengers.
Production railroad operating labor.
Watchmen.
Yard and building cleaners.

B A 717. Water for Power

This account shall include the cost of water purchased for hydraulic power generation.

ITEMS

Cost of water purchased from others.
Periodic payments for licenses or permits from any governmental agency for water rights.
Periodic payments for riparian rights.

B 718. Supplies and Expenses

A 718–1. Lubricants

This account shall include the cost of lubricants for machinery in hydraulic power generating stations, including the cost of recovering oil from waste and the cost of handling and filtering.

Note—Do not include in this account oil for transformers, grease, or oil for automobiles, trucks, and wagons, or oil for lamps or for similar purposes.

A 718–2. Station Supplies

This account shall include the cost of all miscellaneous supplies, tools, etc., used in hydraulic power generating stations.

ITEMS

Dynamo brushes.
Gaskets.
Materials to protect dams and gates.
Packing.
Tools (hand).
Washers.
Waste.
Wipers.

A 718–3. Station Expenses

This account shall include miscellaneous expenses, which are not specifically provided for in other operating expense accounts, incurred in the operation of hydraulic power generating stations.

ITEMS

Building service (not including rent).
Communication service.
Employes' service facilities expense.
Insect control materials.
Log sheets and charts.
Meter supplies.
Production railroad operating supplies, including fuel.
Stationery and office supplies.
Transportation.
Water for fire protection or general use.

MAINTENANCE

B A 719. Maintenance Supervision and Engineering

This account shall include the cost of supervising and directing the maintenance of hydraulic power generating stations. (See operating expense instruction 4.)

B A 720. Maintenance of Structures and Improvements

This account shall include the cost of maintenance of building, structures, fixtures, and improvements at hydraulic power generating stations, the book cost of which is included in account 321, Structures and Improvements.

B A 721. Maintenance of Reservoirs, Dams and Waterways

This account shall include the cost of maintenance of reservoirs, dams, waterways, intakes, forebays, penstocks and tailraces, and appurtenant structures and facilities, including gates, raising and lowering apparatus, wasteways, spillways, fish ladders, canals, ditches, flumes, tunnels and pipe lines used in connection with hydraulic works, also navigation facilities such as locks, booms, sluices, regulating gates, and other appurtenant structures and facilities for navigation purposes, the book cost of which is included in account 322, Reservoirs, Dams, and Waterways.

B 722. Maintenance of Generating and Electric Equipment

A 722–1. Maintenance of Prime Movers and Generators

This account shall include the cost of maintenance of hydraulic facilities from the connection with the penstock or flume to tailrace and of all main hydraulic turbines, water wheels, and water-driven generators and auxiliary apparatus, the book cost of which is included in account 323, Water Wheels, Turbines, and Generators.

A 722–2. Maintenance of Accessory Electric Equipment

This account shall include the cost of maintenance of accessory electric equipment in hydraulic power generating stations, the book cost of which is included in account 324, Accessory Electric Equipment.

A 722–3. Maintenance of Miscellaneous Power Plant Equipment

This account shall include the cost of maintenance of miscellaneous hydraulic power plant equipment, the book cost of which is included in account 325, Miscellaneous Power Plant Equipment.

B A 723. Maintenance of Roads, Railroads, Bridges

This account shall include the cost of maintenance of roads, trails, railroads, bridges and trestles, maintained in connection with the operation of hydraulic power generating stations, the book cost of which is included in account 326, Roads, Railroads and Bridges; also the cost of maintenance of roads and bridges dedicated to public use but maintained by the utility.

MISCELLANEOUS

B A 724. Rents

This account shall include all rents of property of others used, occupied, or operated in connection with hydraulic power generation including amounts payable to the United States for the occupancy and use of public lands and reservations for reservoirs, dams, flumes, forebays, penstocks, power houses, etc., but not including transmission right-of-way. (See operating expense instruction 5.)

B A 725. Joint Expenses—Dr.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied, or operated in connection with hydraulic power generation. (See operating expense instruction 6.)

B. Annual charges from others for maintenance, depreciation, interest or return on investment applicable to headwater improvements owned by such others and made under licenses or permits from governmental agencies shall be charged in their entirety to this account.

C. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

Charges from others.

Charges from coordinate departments.

B A 726. Joint Expenses—Cr.

A. This account shall include such portion of the cost of operation and maintenance expenses applicable to joint facilities operated by the electric department in connection with hydraulic power generation as is charged to others or to a coordinate department. (See operating expense instruction 6 for appropriate accounts to which may be credited amounts received from others or from another department for a proportion of depreciation, taxes, interest, or return on investment in such joint facilities.)

B. Annual charges against others for their proportion of maintenance expenses applicable to headwater improvements owned by the utility and made under licenses or permits from governmental agencies shall be included in this account. The amount of such annual charges, representing depreciation and interest or return on investment, shall be credited to account 610, Rent from Electric Property.

C. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

Charges to others.
Charges to coordinate departments.

C. Electric Generation—Internal Combustion Engine Power

OPERATION

B A 727. Operation Supervision and Engineering

This account shall include the cost of supervising and directing the operation of internal combustion engine power generating stations. (See operating expense instruction 4.)

Note—The cost of fuel analysis shall be charged to account 131-1, Materials and Supplies—Utility.

B 728. Station Labor

A 728–1. Engine Labor

This account shall include the pay of employes engaged in the delivery of fuel to the engine after the receipt and storage of fuel. This covers the handling of fuel from storage to the gas generator building, and the handling of residuals from said

building to the point where residuals are placed when removed from the building. The account shall also include the pay of employes engaged in operating prime movers and generators and auxiliary apparatus operated in connection therewith.

ITEMS

Engineers and assistants.
Generator attendants.
Machinists and helpers.
Oilers.
Wipers.

A 728–2. Electric Labor

This account shall include the pay of employes engaged in operating electric equipment, including switchboards, feeder terminal boards, and other electric equipment, in internal combustion engine generating stations, to the point where electricity leaves for conversion to transmission or distribution voltage.

ITEMS

Electricians.
Foremen and assistants.
Gallerymen.
Switchboard operators and assistants.
Wiremen.

A 728–3. Miscellaneous Station Labor.

This account shall include the pay of employes engaged in operating internal combustion power generating stations, except such pay as is chargeable to the foregoing internal combustion power plant labor accounts.

ITEMS

Elevator men.
Janitors.
Messengers.
Watchmen.
Yard and building cleaners.

B A 729. Engine Fuel

A. This account shall include the cost delivered at the station, including cost of transferring from one station to another (see account 131-1, Materials and Supplies—Utility) of all fuel such as gas, oil, kerosene, and gasoline used in internal combustion engines.

B. Where the producer gas process is used, include in this account the cost delivered at the station of fuel used for producing gas, and all other costs and expenses of producing gas.

C. This account shall include also the net cost of, or amount realized from, disposal of residuals.

B 730. Supplies and Expenses

A 730–1. Water

This account shall include the cost of water used for cooling internal combustion engines and of water used in the production of gas for power purposes. If water is purchased, the charge shall be at the contract price or meter rate; if pumped by the utility, the cost of pumping shall be charged to this account.

ITEMS

Employes:
- Filter cleaners.
- General labor.
- Pumping station operators.
- Screen operators.
- Water supply system operators.

Supplies:
- Boiler compounds.
- Chemicals.
- Lubricants.
- Pumping supplies.
- Supplies (Miscellaneous).

Note—Do not include in this account water used for general station purposes or the cost of maintaining the water supply system.

A 730–2. Lubricants

A. This account shall include the cost of lubricants for machinery in the internal combustion power generating stations, including recovery of oil from waste and the cost of handling and filtering.

B. Oil used in pumping water shall be charged to account 730-1, Water.

Note—Do not include in this account oil for transformers, grease or oil for automobiles, trucks and wagons or oil for lamps or for similar purposes.

A 730–3. Station Supplies

This account shall include the cost of all miscellaneous supplies, tools, etc., used in internal combustion power generating stations.

ITEMS

Dynamo brushes.
Gauge glasses.
Hand hole gaskets.
Manhole gaskets.
Packing.
Tools (hand).
Washers.
Waste.
Wipers.

A 730–4. Station Expenses

This account shall include miscellaneous expenses incurred in the operation of internal combusion power generating stations which are not specifically provided for in other operating expense accounts.

ITEMS

Building service (not including rent).
Communication service.
Employes' service facilities expense.
Log sheets and charts.
Meter supplies.
Stationery and office supplies.
Transportation.
Water for fire protection or general use.

MAINTENANCE

B A 731. Maintenance Supervision and Engineering

This account shall include the cost of supervising and directing the maintenance of internal combustion engine power generating stations. (See operating expense instruction 4.)

B A 732. Maintenance of Structures and Improvements

This account shall include the cost of maintenance of buildings, structures, fixtures and improvements at internal combustion engine power generating stations, the book cost of which is included in account 331, Structures and Improvements.

B A 733. Maintenance of Fuel Holders, Producers and Accessories

This account shall include the cost of maintenance of storage tanks, facilities, apparatus, etc., used for the storage of fuel or the production of gas to be used in internal combustion engines in the production of electric energy, the book cost of which is included in account 332, Fuel Holders, Producers and Accessories.

ITEMS

Ash disposal equipment, etc.
Economizers.
Exhaust pipe.
Exhauster outfits.
Gas conductor.
Gas producers and accessories.
Pumps.
Regenerators.
Scrubbers.
Steam injectors.
Vaporizers.

B 734. Maintenance of Generating and Electric Equipment

A 734–1. Maintenance of Engines

This account shall include the cost of maintenance of Diesel, gas, oil, and other internal combustion engines, the book cost of which is included in account 333, Internal Combustion Engines.

A 734–2. Maintenance of Generators

This account shall include the cost of maintenance of main internal combustion engine driven generators, the book cost of which is included in account 334, Generators.

A 734–3. Maintenance of Accessory Electric Equipment

This account shall include the cost of maintenance of electric equipment in internal combustion engine generating stations, the book cost of which is included in account 335, Accessory Electric Equipment.

A 734–4. Maintenance of Miscellaneous Power Plant Equipment

This account shall include the cost of maintenance of miscellaneous internal combustion engine power plant equipment, the book cost of which is included in account 336, Miscellaneous Power Plant Equipment.

MISCELLANEOUS

B A 735. Rents

This account shall include all rents of property of others used, occupied or operated in connection with internal combustion generation. (See operating expense instruction 5.)

B A 736. Joint Expenses—Dr.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied or operated in connection with internal combustion generation. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

Charges from others.

Charges from coordinate departments.

B A 737. Joint Expenses—Cr.

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the electric department in connection with internal combustion generation as is charged to others or to a coordinate department. (See operating expense instruction 6.)

B. Where a portion of the gas produced in a gas power generating plant is used by a coordinate department, the cost of producing the gas so used shall be charged to the department benefited and the amount of the charge included in this account.

C. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account including the following:

Charges to others.

Charges to coordinate departments.

D. Other Production Expenses and Credits

B A 738. Purchased Power

A. This account shall include the cost at the point of delivery to the utility of electricity purchased for resale, including

charges for readiness to serve. This account shall be maintained in such manner as to show the following:

Readiness to serve or "standby" charges where determinable.

Firm power purchased.

Dump or surplus power purchased.

B. The records shall also show, by months, the demands and demand charges and kilowatt hours and prices thereof under each purchase contract.

B A 739. Interchange Power

A. This account shall include the amounts charged or credited under interchange agreements whereby the accounting utility both delivers energy to and receives energy from another for the purpose of achieving efficient utilization of productive capacity.

B. Payments or receipts for energy received or delivered under firm or surplus sales agreements shall not be included herein.

C. The records shall show, by months, the charges and credits under each interchange agreement.

B A 740. Other Expenses

This account shall be charged with any production expenses, including expenses incurred directly in connection with the purchase of power, which are not specifically provided for in the other production expense accounts. Charges to this account shall be supported by sufficient detail so as to show why they were made to this account rather than to some other production expense account, and a description of each charge shall be available.

B A 741. Joint Expenses—Dr.

A. This account shall include amounts payable by electric department to others or to a coordinate department for joint facilities used, occupied or operated in connection with the production of electric energy where it is impracticable to allocate such payments to the Joint Production Expenses—Dr.

accounts under steam power generation, hydraulic power generation, or internal combustion power generation. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

Charges from others.
Charges from coordinate departments.

B A 742. Joint Expenses—Cr.

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the electric department in connection with the production of electrical energy as is charged to others or to a coordinate department where it is impracticable to allocate such cost to the Joint Production Expenses—Cr. accounts under steam power generation, hydraulic power generation, or internal combustion power generation. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

Charges to others.
Charges to coordinate departments.

II. TRANSMISSION EXPENSES

OPERATION

B A 743. Operation Supervision and Engineering

This account shall include the cost of supervising and directing the operation of transmission systems. (See operating expense instruction 4.)

B A 744. Load Dispatching Labor and Expenses

A. This account shall include the pay and expenses of load dispatchers and their assistants for time engaged in the operation of transmission load dispatching.

B. If load dispatchers and their assistants are stationed at a generating station and part of their time is devoted to the

operation of that station, their time shall be apportioned between this account and the appropriate electric generation labor account on an equitable basis.

B 745. Operation of Stations

A 745–1. Station Labor

A. This account shall include the pay of employes engaged in operating transmission substations and switching stations.

B. If transmission station equipment is located in or adjacent to a generating station the pay of employes applicable to transmission station operations shall be charged to this account.

A 745–2. Station Supplies and Expenses

A. This account shall include the cost of supplies for and expenses incurred in connection with the operation of transmission substations and switching stations.

B. If transmission station equipment is located in or adjacent to a generating station, the supplies and expenses applicable to transmission station operations shall be charged to transmission station expenses.

ITEMS

Building service (not including rent).
Communication service.
Lubricants and waste.
Meter supplies.
Records (substation).
Stationery and office supplies.
Tools.
Traveling expenses.
Water.

B 746. Operation of Lines

A 746–1. Overhead Lines

This account shall include the pay and expenses of patrolmen, testers, etc., employed on overhead transmission lines; also the pay and expenses of employes engaged in trimming trees and clearing brush and other refuse from the transmission rights of way after the transmission line has been placed in operation.

A 746–2. Underground Lines

This account shall include the pay and expenses of patrolmen, testers, etc., employed on underground transmission lines, including inspection and clearing of subway ducts, manholes, and sewer connections, for transmission lines.

MAINTENANCE

B A 747. Maintenance Supervision and Engineering

This account shall include the cost of supervising and directing the maintenance of transmission systems. (See operating expense instruction 4.)

B A 748. Maintenance of Structures and Improvements

This account shall include the cost of maintenance of transmission structures, fixtures and improvements, the book cost of which is included in account 342, Structures and Improvements.

Note—Do not include in this account the cost of maintenance of transmission roads and trails.

B A 749. Maintenance of Station Equipment

This account shall include the cost of maintaining transmission substation and switching station equipment, the book cost of which is included in account 343, Station Equipment.

B 750. Maintenance of Overhead System

A 750–1. Maintenance of Towers and Fixtures

This account shall include the cost of maintenance of transmission towers and fixtures, the book cost of which is included in account 344, Towers and Fixtures.

A 750–2. Maintenance of Poles and Fixtures

This account shall include the cost of maintenance of transmission poles and fixtures, the book cost of which is included in account 345, Poles and Fixtures. This account shall include the cost of stubbing poles and applying paste or other preservative treatment subsequent to the original installation of the poles. It shall not, however, include the cost of replacing poles, which shall be handled as additions and retirements of property.

A 750–3. Maintenance of Conductors and Devices

This account shall include the cost of maintenance of overhead transmission conductors, cables, insulators, etc., the book cost of which is included in account 346, Overhead Conductors and Devices.

B 751. Maintenance of Underground System

A 751–1. Maintenance of Conduit

This account shall include the cost of maintenance of transmission subways, underground conduit, ducts, manholes, sewer connections and traps, the book cost of which is included in account 347, Underground Conduit.

A 751–2. Maintenance of Conductors and Devices

This account shall include the cost of maintenance of underground transmission cables, insulators, etc., the book cost of which is included in account 348, Underground Conductors and Devices.

B A 752. Maintenance of Roads and Trails

This account shall include the cost of maintenance of permanent transmission roads, trails, and bridges, the book cost of which is included in account 349, Roads and Trails; also the cost of maintenance of roads and trails dedicated to public use but maintained by the utility.

MISCELLANEOUS

B A 753. Rents

This account shall include all rents of property of others used, occupied or operated in connection with the transmission system, including payments to the United States and others for use of public or private lands and reservations for transmission line rights of way and also amounts paid to others for transmission of energy for the accounting utility. (See operating expense instruction 5.)

B A 754. Joint Expenses—Dr.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for

joint facilities used, occupied, or operated in connection with the transmission of electric energy. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

Charges from others.

Charges from coordinate departments.

B A 755. Joint Expenses—Cr.

A. This account shall include such portion of the cost of operating and maintaining joint facilities, operated by the electric department in connection with the transmission of electric energy as is charged to others, or to a coordinate department. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

Charges to others.

Charges to coordinate departments.

III. DISTRIBUTION EXPENSES

OPERATION

B A 756. Operation Supervision and Engineering

This account shall include the cost of supervising and directing the operation of the distribution systems. (See operating expense instruction 4.)

B A 757. Load Dispatching Labor and Expenses

A. This account (the keeping of which is optional with the utility) shall include the pay and expenses of load dispatchers and their assistants for time engaged in the operation of distribution load dispatching.

B. If load dispatchers and their assistants are stationed at a distribution substation and part of their time is devoted to the operation of that substation, their time shall be apportioned between this account and the appropriate distribution station labor account on an equitable basis.

Note—If this account is not kept by the utility, all load dispatching labor and expenses shall be included in transmission expenses, account 744, Load Dispatching Labor and Expenses.

B 758. Distribution Office Expenses

A 758–1. Distribution Maps and Records

This account shall include salaries and expenses for the preparation of distribution maps and records of underground and overhead distribution lines, including the cost of stationery, drawing materials, etc.

A 758–2. Other Distribution Office Expenses

This account shall include such distribution office expenses as heat, ice water, office supplies, stationery and printing, telephone tolls, rentals, janitor service, etc.

B 759. Operation of Stations

A 759–1. Station Labor

This account shall include the pay of employes engaged in the operation of distribution stations.

A 759–2. Station Supplies and Expenses

This account shall include the cost of supplies used and expenses incurred in the operation of distribution stations.

ITEMS

Building service (but not rent).
Communication service.
Lubricants and waste.
Meter supplies.
Records, substation.
Stationery and office supplies.
Tools.
Transportation.
Water.

B 760. Operation of Storage Batteries

A 760–1. Storage Battery Labor

This account shall include the pay of battery men, inspectors, and testers engaged in the operation of storage batteries.

A 760–2. Storage Battery Supplies and Expenses

This account shall include the cost of supplies used and expenses incurred in the operation of storage batteries.

ITEMS

Acid.
Automatic cell fillers.
Brooms.
Brushes for boosters and compensators.
Distilled water for cells.
Gloves.
Hydrometers.
Maps.
Paint.
Rubber hose.
Shoes.
Soda.
Sponges.
Thermometers.
Waste.

B 761. Operation of Lines

A 761–1. Overhead Lines

A. This account shall include the pay and expenses of patrolmen, testers, etc., employed on overhead distribution lines, and the expense of trimming trees, inspecting and testing lightning arresters, voltage surveys, periodic testing and routine patroling.

B. Include in this account expenses in connection with the routine inspection and testing of distribution system grounds.

A 761–2. Underground Lines

This account shall include the pay and expenses of patrolmen, testers, etc., employed on underground distribution lines, including expenses in connection with periodic inspection, testing, and routine patrolling and cleaning subway ducts, manholes, and sewer connections for distribution lines.

A 761–3. Removing and Resetting Line Transformers

This account shall include the cost of inspecting, testing, removing, resetting and changing line transformers.

Note—The cost of the first setting of a transformer shall not be charged to this account but to utility plant account 358, Line Transformers.

B 762. Services on Customers' Premises

A 762–1. Removing and Resetting Meters

This account shall include the cost of inspecting, testing, removing, and resetting or changing the location of meters or

instrument transformers and accessory equipment located on customers' premises.

Note A—The cost of the first setting of a meter shall not be charged to this account but to utility plant account 360, Meters.

Note B—The cost of removing and resetting special large built-up meters shall not be charged to this account. Such installations shall be accounted for as additions and retirements.

A 762–2. Other Services on Customers' Premises

A. This account shall include the cost of labor and materials used and expenses incurred in work on customers' premises other than amounts includible in account 762-1, Removing and Resetting Meters.

B. Class A utilities shall keep their accounts or supporting records in such manner as to be able to show an analysis of this account according to the following functions:

Investigating and adjusting service complaints, including maintenance and servicing of customers' appliances and fixtures.
Jobbing and contract work.
Lamp service—arc and incandescent.
Radio interference work.
Other work on customers' premises.

Note—Do not include in this account expenses incurred in connection with merchandising. (See account 520, Income from Merchandising and also Merchandising Accounting Instructions included in Appendix 1.)

763. Operation of Street Lighting and Signal Systems

A 763–1. Overhead Systems

This account shall include the cost of labor and materials used and expenses incurred in the operation of overhead street lighting and signal systems, including traffic, fire and police signal systems.

ITEMS

Clearing brush and other refuse.
Patrolling.
Testing lines.
Transportation.
Trimming trees.
Voltage surveys.

A 763–2. Underground Systems.

This account shall include the cost of labor and materials used and expenses incurred in the operation of underground

street lighting and signal systems, including traffic, fire, and police signal systems.

ITEMS

Cleaning subway ducts, manholes, and sewer connections.
Patrolling.
Testing lines.
Transportation.
Voltage surveys.

MAINTENANCE

B A 764. Maintenance Supervision and Engineering

This account shall include the cost of supervising and directing the maintenance of the distribution system. (See operating expense instruction 4.)

B A 765. Maintenance of Structures and Improvements

This account shall include the cost of maintenance of distribution structures and improvements, the book cost of which is included in account 351, Structures and Improvements.

B A 766. Maintenance of Station Equipment

This account shall include the cost of maintenance of distribution substation equipment, the book cost of which is included in account 352, Station Equipment.

B A 767. Maintenance of Storage Battery Equipment

This account shall include the cost of maintenance of storage battery equipment, the book cost of which is included in account 353, Storage Battery Equipment.

B 768. Maintenance of Overhead System

A 768-1. Maintenance of Poles, Towers and Fixtures

This account shall include the cost of maintenance of distribution poles, crossarms, braces, guys, and other pole supports, and towers and tower fixtures, the book cost of which is included in account 354, Poles, Towers and Fixtures. This account shall include the cost of stubbing poles and applying paste or other preservative treatment subsequent to the original installation of the poles. It shall not, however, include the cost of replacing poles, which shall be handled as additions and retirements of property.

Note—Maintenance of ornamental street lighting columns shall be charged to account 775, Maintenance of Street Lighting and Signal Systems.

A 768–2. Maintenance of Conductors and Devices

This account shall include the cost of maintenance of distribution pole line conductors, feeders, cable, wire, line devices, insulators, and insulating material, the book cost of which is included in account 355, Overhead Conductors and Devices.

B 769. Maintenance of Underground System

A 769–1. Maintenance of Conduit

This account shall include the cost of maintenance of subways and underground conduit carrying distribution conductors, the book cost of which is included in account 356, Underground Conduit.

A 769–2. Maintenance of Conductors and Devices

This account shall include the cost of maintenance of conductors, feeders, cable, wire, line devices, insulators and insulating materials used in the underground distribution system, the book cost of which is included in account 357, Underground Conductors and Devices.

Note—Maintenance of cable inside ornamental posts shall be charged to account 775, Maintenance of Street Lighting and Signal Systems.

B A 770. Maintenance of Line Transformers and Devices

A. This account shall include the cost of maintenance of distribution line transformers and devices, the book cost of which is included in account 358, Line Transformers.

B. Include in this account the cost of renewing oil; repainting, rewinding, and other maintenance; also the cost of maintaining lightning arresters installed for transformer protection; and the expense connected with the re-fusing of transformer cutouts.

Note—The cost of transformer changes incurred by reason of load conditions shall be charged to account 761-3, Removing and Resetting Line Transformers.

B A 771. Maintenance of Services

A. This account shall include the cost of maintenance of services, the book cost of which is included in account 359, Services.

B. Class A utilities shall keep their accounts in such manner as to show separately the maintenance of overhead services and

the maintenance of underground services, and shall designate same as follows:

771-1. Maintenance of Overhead Services.
771-2. Maintenance of Underground Services.

B A 772. Maintenance of Meters

This account shall include the cost of maintenance of meters, the book cost of which is carried in account 360, Meters.

B A 773. Maintenance of Installations on Customers' Premises

This account shall include the cost of maintenance of the electric property on customers' premises, the book cost of which is included in account 361, Installations on Customers' Premises.

Note—Exclude herefrom maintenance in connection with merchandising.

B A 774. Maintenance of Leased Property on Customers' Premises

This account shall include the cost of maintenance of electric property leased to customers, the book cost of which is included in account 362, Leased Property on Customers' Premises.

Note—Exclude herefrom maintenance in connection with merchandising.

B A 775. Maintenance of Street Lighting and Signal Systems

This account shall include the cost of maintenance of street lighting and signal systems, including lamp replacements, the book cost of which is included in account 363, Street Lighting and Signal Systems.

MISCELLANEOUS

B A 776. Rents

This account shall include all rents of property of others used, occupied or operated in connection with the distribution system, including payments to the United States and others for the use and occupancy of public lands and reservations for distribution line rights of way. (See operating expense instruction 5.)

B A 777. Joint Expenses—Dr.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied, or operated in connection with the distribution of electric energy. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

Charges from others.
Charges from coordinate departments.

B A 778. Joint Expenses—Cr.

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the electric department in connection with the distribution of electric energy as is charged to others or to a coordinate department. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

Charges to others.
Charges to coordinate departments.

IV. CUSTOMERS' ACCOUNTING AND COLLECTING EXPENSES

B A 779. Supervision

This account shall include the cost of supervising and directing work on customers' contracts, orders; inquiries and accounts, and in meter reading, and collecting. (See operating expense instruction 4.)

B 780. Customers' Contracts, Orders, Meter Reading, and Collecting

A 780–1. Customers' Contracts and Orders.

This account shall include the pay and expenses of employes engaged in work on customers' applications, contracts, orders, complaints and inquiries, and supplies used and expenses incurred in connection therewith.

ITEMS

Supplies and expenses:
Books.
Building service (not including rent).
Communication service.
Office supplies.
Postage.
Stationery.
Transportation.

A 780–2. Credit Investigations and Records

This account shall include the pay and expenses of employes engaged in investigations of customers' credit and the keeping of records pertaining thereto, including supplies used and expenses incurred in connection therewith.

ITEMS

Supplies and expenses:
- Books.
- Building service (not including rent).
- Communication service.
- Office supplies.
- Postage.
- Stationery.
- Transportation.

Note—The keeping of this account is optional. If not used, charges provided for herein shall be included in account 780-1, Customers' Contracts and Orders.

A 780–3. Meter Reading

This account shall include the pay and expenses of employes engaged in reading customers' meters, and supplies used and expenses incurred in connection therewith.

ITEMS

- Badges.
- Building service (not including rent).
- Communication service.
- Forms for recording readings.
- Lamps.
- Meter readers, pay of.
- Transportation.
- Uniforms.

A 780–4. Collecting

This account shall include the pay and expenses of employes engaged in collecting customers' bills, and supplies used and expenses incurred in connection therewith.

ITEMS

- Building service (not including rent).
- Commissions, fees, or salaries of collectors.
- Communication service.
- Disconnection for non-payment of bills.
- Office supplies.
- Postage.
- Stationery and printing.
- Transportation.

B A 781. Customers' Billing and Accounting

This account shall include the pay and expenses of employes engaged in customers' billing and accounting work, and supplies used and expenses incurred in connection therewith.

ITEMS

Accounts, customers', keeping of
Address plates.
Billing.
Bookkeeping.
Books.
Building service (not including rent).
Communication service.
Delivery of bills.
Office supplies.
Postage.
Stationery and printing.
Statistical work on customers' accounts.
Tabulating sales.
Transportation.

B A 782. Miscellaneous Expenses

This account shall include the labor and materials and expenses, which are not chargeable to the foregoing accounts, and which were used or incurred in customers' accounting and collecting.

B A 783. Uncollectible Accounts

This account shall be charged each month with amounts sufficient to provide for losses from uncollectible utility revenues. Concurrent credits shall be made to account 254, Reserve for Uncollectible Accounts. Losses for uncollectible accounts shall be charged to such reserve.

B A 784. Rents

This account shall include rents of property of others used in connection with customers' accounting and collecting. (See operating expense instruction 5.)

V. SALES PROMOTION EXPENSES

B A 785. Supervision

This account shall include the cost of supervising and directing the sales department and the solicitation of new business, including assistants, stenographers, and clerical help on records. (See operating expense instruction 4.)

Note—Do not include in this account sales supervision in connection with merchandise or appliance sales.

B A 786. Salaries and Commissions

This account shall include the salaries and commissions paid salesmen for canvassing and soliciting new business, including the cost of preparing estimates for industrial and other customers.

B 787. Demonstration, Advertising, and Other Sales Expenses

A 787–1. Demonstration

This account shall include the cost of labor and materials used and expenses incurred in demonstrating the use of appliances or other equipment.

ITEMS

Employes:
- Demonstrators.
- Instructors.
- Typists and clerks.

Expenses:
- Building service (not including rent).
- Communication service.
- Demonstration supplies.
- Electric service.
- Transportation.

Note—Do not include in this account demonstration expense incurred in connection with merchandise or appliance sales.

A 787–2. Advertising

This account shall include the cost of labor and materials used and expenses incurred in connection with advertising for the purpose of promoting the sales of utility service.

ITEMS

Advertising in newspapers, periodicals, etc.
Advertising manager and assistants.
Clerks.
Materials and expenses in preparing:
Advertisements.
Booklets.
Bulletins.
Dodgers.
Posters.
Stenographers and typists.

Note—Do not include in this account advertising in connection with merchandise or appliance sales.

A 787–3. Miscellaneous Sales Expenses

This account shall include the cost of labor and materials used and expenses incurred in soliciting new business except amounts chargeable to the foregoing accounts.

Note—Do not include in this account expenses incurred in connection with merchandise or appliance sales.

B A 788. Rents

This account shall include rents properly includible in operating expenses for property of others used by the sales promotion organization. (See operating expense instruction 5.)

VI. ADMINISTRATIVE AND GENERAL EXPENSES

B A 790. Salaries of General Officers and Executives

A. This account shall include the compensation (salaries, bonuses and other consideration for services) of officers and executives of the utility, properly chargeable to utility operations and not chargeable directly to a particular utility function.

B. This account may be subdivided in accordance with the utility's administrative organization, such as executive, accounting, treasury, legal, etc.

Note—This account shall not include directors' fees paid to officers and executives.

B A 791. Other General Office Salaries

A. This account shall include the compensation (salaries, bonuses and other consideration for services) of employes engaged in the general or divisional offices properly chargeable to utility operations and not chargeable directly to a particular utility function.

B. This account may be subdivided in accordance with the utility's administrative organization, such as executive, accounting, treasury, legal, etc.

B 792. Expenses of General Officers and General Office Employes

A 792–1. Expenses of General Officers

A. This account shall include the expenses incurred for the benefit of the utility in its utility operations by officers whose salaries are included in account 790 and which are not chargeable directly to a particular utility function.

B. This account may be subdivided in accordance with the utility's administrative organization such as executive, accounting, treasury, legal, etc.

ITEMS

Hotel.

Meals, including payment therefor on account of overtime work.

Membership fees and dues in trade, technical and professional associations.

Traveling expenses.

A 792–2. Expenses of General Office Employes

A. This account shall include the expenses incurred for the benefit of the utility in its utility operations by employes whose salaries are included in account 791 and which are not chargeable directly to a particular utility function.

B. This account may be subdivided in accordance with the utility's administrative organization such as executive, accounting, treasury, legal, etc.

ITEMS

Hotel.

Meals, including payment therefor on account of overtime work.

Membership fees and dues in trade, technical and professional associations.

Traveling expenses.

B A 793–1. General Office Supplies and Expenses

A. This account shall include the cost of office supplies and office expense in connection with the general administrative functions of the utility's operations.

B. This account may be subdivided in accordance with the utility's administrative organization such as executive, accounting, treasury, legal, etc.

ITEMS

Automobile service, including charges through clearing account 903, Transportation Expenses—Clearing.

Books and periodicals for office use.

Building service (not including rent).

Communication service.

Office supplies.

Postage.

Printing.

Stationery.

Note—Office expenses which are clearly applicable to any group of operating expenses other than administrative and general shall not be included in this account.

B A 793–2. Operation of Communication System

A. This account shall include the pay of employes, supplies and expenses incurred in connection with the operation of the utility's communication system.

B. Include in this account salaries and wages of employes at the main exchange, also the salaries and wages of employes in general offices operating switchboards on main line telephone systems not owned by the utility.

ITEMS

Employes:

Clerks.

Inspectors.

Operators.

Patrolmen.

Superintendent and assistants.

Testers.

Expenses:

Batteries.
Fuses.
Office supplies.
Traveling expenses.

Note A—Salaries and wages of telephone and telegraph operators in power plants, substations, commercial offices and at other points in the utility system shall be charged to the appropriate operating account at the location involved and not to this account.

Note B—Where a utility desires to distribute its communication system expense on a functional basis, this account may be used for clearing such expense, in which event the communication system expense applicable to the general office will be included in account 793-1.

B A 794. Management and Supervision Fees and Expenses

A. This account shall include amounts payable by the utility to any corporation, firm, or individual, for general supervision and management services and expenses.

B. Records supporting this account shall be so kept as to show (1) the basis of each fee, (2) the amount of the fee, and (3) the person to whom the fee is paid or payable.

B A 795. Special Services

This account shall include amounts payable to any corporation, firm or individual, other than officers and employes of the utility, for special services rendered to the utility if the amounts are not includible in account 794, Management and Supervision Fees and Expenses, or account 796, Legal Services, or are not chargeable directly to other utility operating expense accounts or clearing or plant accounts.

ITEMS

Services:

Auditing and accounting.
Budget.
Personnel.
Publication.
Rates.
Secretarial.
Statistical.
Supervisory.

Expenses:

Hotel.
Meals.
Printing.
Stationery.

B A 796. Legal Services

This account shall include amounts payable to any corporation, firm or individual, other than officers and employes of the utility, for legal services and related expenses of the utility which are not chargeable directly to account 797, Regulatory Commission Expenses, or to other utility operating expense accounts or to clearing or plant accounts.

Note—Pay and expenses of the legal staff of the utility shall not be included herein, but in such other accounts as may be appropriate.

B A 797. Regulatory Commission Expenses

A. This account shall include all expenses (except pay of regular employes only incidentally engaged in such work) properly includible in utility operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the accounting utility for pay and expenses of such commission, its officers, agents, and employes.

B. Amounts of regulatory commission expenses which by approval or direction of the Commission are to be spread over future periods shall be charged to account 146, Other Deferred Debits, and amortized by charges to this account.

C. The utility shall be prepared to report the cost of each formal case.

ITEMS

Salaries, fees, retainers, and expenses of counsel, solicitors, attorneys, accountants, engineers, clerks, attendants, witnesses, and others engaged in the prosecution of or defense against petitions or complaints presented to regulatory bodies, or in the valuation of property owned or used by the utility in connection with such cases.

Expenses: Engineering supplies, office expenses, payments to public service or other regulatory commissions, stationery and printing, traveling expenses, and other expenses incurred directly in connection with formal cases before regulatory commissions.

Note A—Exclude from this account and include in other appropriate operating expense accounts, expenses incurred in the improvement of service, additional inspection, or rendering reports, which are made necessary by the rules and regulations, or orders, of regulatory bodies.

Note B—Do not include in this account amounts includible in account 302 Franchises and Consents, account 140, Unamortized Debt Discount and Expense or account 151, Capital Stock Expense. Include in account 507, Taxes, annual gross revenue fees payable to state and federal regulatory bodies.

B A 798. Insurance

This account shall include the cost of insurance to protect the utility against losses and damages to owned or leased property used in its utility operations except as provided in Note C, hereunder. There shall be included in this account the premiums payable to insurance companies or amounts credited to account 255, Insurance Reserve, for fire, storm, burglary, boiler explosion, lightning; and other insurance; and special costs incurred in procuring insurance, such as insurance inspection service, and the pay, traveling, and office expenses of officers, clerks, and other employes of an insurance department.

Note A—Recoveries from insurance companies or others for property damages shall be credited to the account charged with the cost of the damage. If the damaged property has been retired, the credit shall be to account 250, Reserve for Depreciation of Utility Plant, or other appropriate reserve account.

Note B—The utility shall keep its records so as to show the amount of coverage for each class of insurance carried, the property covered, the applicable premiums, and the distribution of the costs to specific operations or functions.

Note C—The cost of insurance to protect the utility against losses and damages to the following classes of owned or leased property used in utility operations shall be charged as indicated: Laboratory equipment, to account 904, Laboratory Expenses—Clearing; materials and supplies and stores equipment, to account 902, Stores Expenses—Clearing; transportation and garage equipment, to account 903, Transportation Expenses—Clearing.

Note D—Exclude from this account insurance on officers and employes. (See account 800-1.)

B A 799. Injuries and Damages

A. This account shall include losses not covered by insurance on account of injuries or deaths to employes or others, which occur in connection with utility operations, and payments and expenses on account of damages to the property of others or for non-performance of contractual obligations, whether the loss be occasioned by fire, flood, storm, or other cause. Amounts may be accrued monthly sufficient to meet the probable liability for such losses, concurrent credits being made to account 256, Injuries and Damages Reserve, in which case losses sustained shall be charged to the reserve.

B. This account shall also include:

Pay and expenses of officers and employes regularly engaged in or specifically assigned to work in connection with injuries to employes or others, damages to property of others, etc.

Payments to attorneys, investigators, and adjusters, court costs, etc.

Insurance premiums for protection against claims from injuries and damages, including public liability, property damages, boiler, casualty, employes' liability, etc., except as provided in Note C hereunder.

C. Reimbursements from insurance companies or others for expenses charged hereto on account of injuries and damages, and insurance dividends or refunds, shall be credited to this account.

Note A—Payments to or in behalf of employes, including accident and death benefits, salaries, hospital expenses, medical supplies; also salaries, fees, and expenses of surgeons, doctors, nurses, etc., or amounts reserved for such payments; when provided for through a plan for employes' benefits, shall be charged to account 800, Employes' Welfare Expenses and Pensions.

Note B—No part of the salaries of officers or employes of the law department shall be included in this account for merely incidental services in connection with injury and damage claims.

Note C—Losses or insurance premiums paid in connection with transportation and garage equipment shall be charged to account 903, Transportation Expenses—Clearing.

Note D—Exclude from this account insurance on officers and employes and the cost of injuries and damages chargeable directly to utility plant accounts, clearing accounts or to other appropriate accounts.

B 800. Employes' Welfare Expenses and Pensions

A 800-1. Employes' Welfare Expenses

This account shall include the expenses incurred in conducting employes' accident prevention, educational and recreational activities; the cost of employes' relief and benefits (other than pensions, and injuries and damages chargeable to account 799, Injuries and Damages) and the cost of life insurance for employes where the utility is not the beneficiary.

Note—When the utility is the beneficiary of insurance on officers or employes, the cost of such insurance shall be charged to account 538, Miscellaneous Income Deductions, or, at the option of the utility, the cash surrender value may be included in account 133, Other Current and Accrued Assets, in which event the excess of cost of the insurance over such cash surrender value shall be charged to account 538, Miscellaneous Income Deductions.

A 800-2. Pensions

A. This account shall include pensions paid to retired employes or to their heirs.

B. If the utility has definitely undertaken by contract to pay pensions to employes of its utility department when retired, it shall charge to this account monthly amounts to provide for the payment of such pensions or for the purchase of annuities for that purpose. The amounts so charged shall be credited concurrently to account 257, Employes' Provident Reserve.

C. The utility shall maintain a complete record of the computations of the accruals of its pension liabilities.

D. The utility shall inform the Commission of the details of its pension plan, giving a full statement of the facts thereof, together with the actuarial formula, if any, under which it has created or proposes to create its pension fund, and shall furnish a copy of the declaration of trust or resolution under which the pension plan is established.

B A 801. Miscellaneous General Expenses

This account shall include such items of expense applicable to the electric department as the cost of publishing and distributing annual reports to stockholders; advertising notice of stockholders' meetings; dividend and other corporate and financial notices of a general character; association dues; contributions for conventions and meetings of the industry; cost of research and experimental work conducted for the benefit of the electric department or the industry or for the improvement of electric service (except for such amounts as may be properly chargeable to other accounts); fees of transfer agents, registrars of stock and fiscal agents; directors' fees; and any other miscellaneous expenses connected with the general management and not otherwise provided for.

Note A—Payments to trustees' fiscal agents, and financial institutions as commissions and fees for their services as registrars or agents for paying bond interest on coupons; destruction of such coupons and all other services in connection with the utility's mortgages and funded debt should be charged to account No. 538, Miscellaneous Income Deductions.

Note B—This account shall also include such donations and contributions as shall have been specifically approved by the Commissioner as proper charges to Operating Expenses under the provisions of section 112-481, O. C. L. A.

B 802. Maintenance of General Property

A 802–1. Maintenance of Structures and Improvements

This account shall include the cost of maintenance of general buildings, the book cost of which is included in account 371, Structures and Improvements.

A 802–2. Maintenance of Office Furniture and Equipment

This account shall include the cost of maintenance of office furniture and equipment used by the administrative divisions of the utility.

Note—The cost of maintenance of office furniture and equipment used elsewhere than in the administrative departments shall be charged to the appropriate maintenance, construction or clearing account.

A 802-3. Maintenance of Communication Equipment

This account shall include the cost of maintenance of communication equipment for general use in connection with the utility's operations, the book cost of which is included in account 378, Communication Equipment.

A 802-4. Maintenance of Miscellaneous Property

This account shall include the cost of maintenance of miscellaneous property not provided for elsewhere, the book cost of which is included in account 377, Tools and Work Equipment, and account 379, Miscellaneous Equipment.

Note—Maintenance of tools and work equipment may be charged to clearing account 905, and distributed to appropriate accounts based on the use of the equipment.

B A 803. Rents

This account shall include rent properly includible in utility operating expense (see operating expense instruction 5) covering the property of others used, occupied or operated in connection with the general and administrative functions of the utility.

B A 804. Commissions Paid Under Agency Sales Contracts

This account shall include the amount paid or payable by the utility to agents as commission for distributing electric energy over the agent's distribution lines and selling the same, and for all services performed in connection therewith.

Note A—This account shall be used only when sales are made under rate schedules filed by the accounting utility and when the gross receipts therefrom are credited to it; otherwise the transactions shall be accounted for as sales of electricity.

Note B—Records pertaining to each agency sales contract shall be so kept by the utility as to show full particulars as to amounts paid for each kind of service rendered thereunder.

B A 805. Franchise Requirements

A. This account shall include payments to municipal or other governmental authorities, and the cost of materials, supplies and services, furnished such authorities without reimbursement in compliance with franchise, ordinance, or similar requirements, provided, however, that the utility may charge to this account at regular tariff rates, instead of cost, service furnished without charge under provisions of franchise.

B. When no direct outlay is involved, concurrent credit for such charges shall be to account 806, Duplicate Miscellaneous Charges—Cr.

C. This account shall be subdivided as follows:

805-1 Cash Outlays.
805-2 Electricity Supplied Without Charge—Dr.
805-3 Other Items Furnished Without Charge—Dr.

Note A—Gross revenue and other privilege taxes levied by municipalities under the provisions of section 112-301, O. C. L. A., shall be included in account 507, Taxes. Likewise all other payments of taxes and fees made to municipalities, not in consideration of, or in accordance with the provisions of a franchise or terminable permit, shall be included in account 507, Taxes.

Note B—The cost of plant, supplies, etc., given as an initial consideration for a franchise running for more than one year, shall be charged to account 302, Franchises and Consents.

B A 806. Duplicate Miscellaneous Charges—Cr.

A. This account shall include concurrent credits for charges which are made to account 805, Franchise Requirements, to the extent that such charges do not represent direct outlays. It shall also include concurrent credits for charges made to operating expense or other accounts of the electric department for electricity or steam for heating for which there is no direct money outlay. (See operating revenue instruction 5.)

B. This account shall be kept in such manner as to disclose the nature and amount of each item included herein.

B A 807. Administrative and General Expenses Transferred—Cr.

A. This account shall be credited with amounts recorded in administrative and general expenses which are properly includible in construction costs.

B. The records supporting this account shall be so kept as to show the bases of determining the amounts which are transferred to construction. (See also utility plant instruction 7 and general instruction 10.)

B A. 808. Joint Expenses—Dr.

A. This account shall include amounts payable by the electric department to others or to a coordinate department for joint facilities used, occupied or operated in connection with

administrative and general functions of the utility. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

Charges from others.

Charges from coordinate departments.

B A 809. Joint Expenses—Cr.

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the electric department in connection with its administrative and general functions as is chargeable to others, or to a coordinate department. (See operating expense instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

Charges to others.

Charges to coordinate departments.

CLEARING ACCOUNTS

901. Charges by Affiliated Interests—Clearing
902. Stores Expenses—Clearing
903. Transportation Expenses—Clearing
904. Laboratory Expenses—Clearing
905. Shop Expenses—Clearing
906. Tools and Work Equipment—Clearing.

901. Charges by Affiliated Interests—Clearing

A. This account shall include all charges made by affiliated interests against the utility for any purposes whatsoever, except interest, including charges for management, supervision, purchasing, construction, accounting, engineering, legal, financial, rent, advertising, materials and supplies, equipment and other property, commissions, taxes and other items.

B. This account shall be cleared by charging the appropriate accounts with the expenditures applicable thereto.

C. The records supporting this account shall be so kept as to show the nature of each charge together with the account or accounts to which each charge is cleared.

Note—The mandatory use of this account may be suspended upon order of the Commission if equivalent information is readily obtainable from other records of the utility.

902. Stores Expenses—Clearing

A. This account shall include the cost of supervision, labor and expenses incurred in the operation and maintenance of the general storerooms, including purchasing, storage handling and distribution of materials and supplies.

B. Cash discounts shall be credited hereto when such discounts cannot be applied to the cost of particular materials.

C. This account shall be cleared by adding to the cost of materials and supplies a suitable loading charge which will distribute the expense equitably over stores issues.

ITEMS

Adjustments of inventories of materials and supplies.
Books, stationery, and office supplies.
Building service.

Collecting and handling scrap materials in stores.

Communication service.

Discount on materials when not assignable to specific items.

Freight, express, etc., when not assignable to specific items.

Heat, light and power for storerooms and stores offices.

Injuries and damages.

Inspecting and testing materials and supplies, when not assignable to specific items.

Insurance on materials and supplies and on stores equipment.

Losses due to breakage, leakage, evaporation, fire and other causes. Credit any amounts received from insurance, transportation companies or others in compensation of such losses.

Maintenance of stores equipment.

Pay and expenses of purchasing agents, storekeepers, clerks, and others employed in purchasing department, in storerooms or in store offices.

Postage, stationery and printing.

Rents.

Taxes, direct.

Transporting materials into storehouse, when not assignable to specific items.

Note A—Large differences in the accounts disclosed by inventories, which can readily be assigned to important classes of materials, shall be equitably adjusted among the accounts to which such classes of materials have been charged since the previous inventory. Other differences shall be equitably apportioned among the accounts to which materials have been charged, or included in account 902, Stores Expenses—Clearing. If the utility so desires, it may maintain a reserve for inventory shrinkage as a subdivision of account 258-2, Miscellaneous Reserves and credits to the reserve may be obtained by an equitable loading charge to stores issues.

Note B—Transportation charges on materials recovered from retirements of utility plant shall be charged to the account to which the cost of removal was charged.

903. Transportation Expenses—Clearing

A. This account shall include the cost of supervision, labor and expenses incurred in the operation and maintenance of the general transportation equipment of the utility including direct taxes and depreciation on transportation equipment.

B. This account shall be cleared by apportionment to operating expense, utility plant or other accounts on a basis which

will distribute the expenses equitably. Credits to this account shall be made in such detail as to permit ready analysis thereof.

ITEMS

Books and stationery.
Building service.
Communication service.
Depreciation of transportation equipment.
Feed and bedding for horses and mules.
Fuel and lubricants for vehicles (including sales and excise taxes thereon).
Freight, express, drayage, etc., on fuel, repair parts, etc.
Heat, light, and power for garage and garage office.
Injuries and damages.
Insurance on garage equipment, and transportation equipment, including public liability and property damage.
License fees for vehicles and drivers.
Office supplies, postage, etc.
Operation of garages and stables.
Pay and expenses of drivers, mechanics, etc., where same cannot be conveniently charged to the particular accounts affected by the duties in which they are engaged.
Rent of garage buildings and grounds.
Maintenance of transportation and garage equipment.
Rent of vehicles and other rents.
Taxes, direct.
Tires, tubes and chains.

904. Laboratory Expenses—Clearing

A. This account shall include the cost of supervision, pay of chemists, engineers, assistants and other employes, and expenses of such employes, engaged in the operation and maintenance of general laboratories.

B. If a laboratory is maintained at a generating station in connection with the operation of the station, the costs incident to its operation and maintenances shall be charged to the appropriate generating expense account.

C. This account shall be cleared by apportioning on an equitable basis the total of the expenses to operating expenses, utility plant and other accounts benefited. Credits to this

account shall be made in such detail as to permit ready analysis thereof.

ITEMS

Books and stationery.
Building service.
Charts.
Communication service.
Heat, light and power.
Injuries and damages.
Maintenance of equipment.
Pay and expenses of chemists, engineers, technicians, assistants and others employed in the laboratory.
Periodicals.
Rents.
Taxes, direct.
Testing supplies.

Note—The mandatory use of this account may be suspended upon order of the Commission if equivalent information is readily obtainable from other records of the utility.

905. Shop Expenses—Clearing

A. This account shall include the cost of supervision, labor and expenses incurred in the operation and maintenance of the general shops of the utility.

B. This account shall be cleared by apportionment to operating expenses, utility plant or other accounts benefited on a basis which will distribute the expenses equitably. Credits to this account shall be made in such detail as to permit ready analysis.

ITEMS

Books and stationery.
Building service.
Collecting and handling scrap materials.
Communication service.
Heat, light and power.
Injuries and damages.
Repairs to shop equipment.
Rents.
Pay and expenses of superintendents, machinists and other employes in shops.
Taxes, direct.

906. Tools and Work Equipment Expense—Clearing

A. This account shall include the cost of supervision, labor and expenses incurred in the operation and maintenance of the general tools and work equipment of the utility including direct taxes and depreciation on such equipment.

B. This account shall be cleared by an apportionment to operating expenses, utility plant, or other appropriate accounts on a basis which will distribute the expenses equitably according to the use of the equipment. Credits to this account shall be made in such detail as to permit ready analysis thereof.

ITEMS

Books and stationery.
Building service.
Communication service.
Depreciation of tools and work equipment.
Fuel and lubricants for equipment, including sales and excise taxes thereon.
Injuries to persons and damage to property of others in the operation of tools and work equipment.
Insurance.
License fees for equipment.
Pay and expenses of operators, mechanics, etc.
Rent of tools and work equipment.
Repairs to tools and work equipment.
Shop expenses.
Taxes, direct.

Note—The use of this account is optional. If not used, maintenance of the equipment, to the extent applicable to operating expenses, shall be charged to account 802-4.

Appendix I

SYSTEM OF ACCOUNTS FOR MERCHANDISING

INSTRUCTIONS

1. The definitions, instructions and accounts contained in the Uniform System of Accounts prescribed herein by the Commissioner, except as modified and supplemented by the accounts hereinafter set forth, apply with like force and effect to the merchandising business conducted by the utility.

2. The provisions of the system of accounts for merchandising are intended to make possible an accurate determination of the results of such activities separate and apart from the operating functions of the utility. For this reason all direct and indirect expenses applicable to such activities are required to be included in the appropriate merchandise accounts.

3. Where items of expense pertain jointly to merchandising, and also to operating functions of the utility and cannot be directly assigned to either function, then they shall be apportioned between the two functions on a fair and reasonable basis. There shall be filed with the Commissioner for approval within ninety (90) days from the date of this order a statement showing the method which the company proposes to use in making any apportionments of joint items of expense between merchandising activities and other utility activities.

4. The net balances of the revenues and expenses recorded in the accounts hereinafter set forth shall be closed at least at the end of each calendar year to Account 520, Income from Merchandising.

MERCHANDISING ACCOUNTS

I. MERCHANDISE SALES

950.1 Revenue from Merchandise Cash and Charge Sales
950.2 Revenue from Merchandise Deferred Payment Sales
950.3 Revenue from Installations
950.4 Cash and Employees' Discounts—Debit
950.5 Merchandise Returns and Allowances—Debit

II. COST OF MERCHANDISE SALES

951.1 Cost of Merchandise Sold
951.2 Merchandise Returned—Credit
951.3 Cost of Reconditioning Merchandise
951.4 Purchase and Storeroom Expense
951.5 Purchase Discounts—Credit
951.6 Delivery Expenses to Customers' Premises
951.7 Cost of Installations
951.8 Cost of Merchandise Installations Included in Sales Price
951.9 Cost of Servicing Guaranteed Appliances

III. SELLING AND SALES PROMOTION EXPENSES

952.1 Supervision
952.2 Salaries and Commissions
952.3 Demonstrations
952.4 Advertising
952.5 Miscellaneous Sales Expense

IV. CUSTOMERS' ACCOUNTING AND COLLECTING EXPENSES

953.1 Supervision
953.2 Customers' Contracts, Credit Investigations, Records, Orders, Billing, Accounting and Collections
953.3 Miscellaneous Expenses
953.4 Uncollectible Accounts

V. ADMINISTRATIVE AND GENERAL EXPENSES

954.1 Salaries and Expenses of General Officers, Executives and Other General or Divisional Office Employees
954.2 General Office Supplies and Expenses
954.3 Management and Supervision Fees and Expenses
954.4 Legal Services

954.5 Insurance
954.6 Injuries and Damages
954.7 Employees' Welfare Expenses
954.8 Miscellaneous General Expenses
954.9 Maintenance of General Property
955 Rents
956 Taxes
957 Depreciation Expense

I. MERCHANDISE SALES

950.1 Revenue from Merchandise Cash and Charge Sales

This account shall be credited with the selling price of appliances and other merchandise sold for cash and for payment within 90 days.

950.2 Revenue from Merchandise Deferred Payment Sales

This account shall be credited with the selling price of appliances and other merchandise when the sales contract calls for payment on a date in excess of 90 days from the date of sale, or on a monthly installment plan.

950.3 Revenue from Installations

This account shall be credited with all amounts billed to customers for installation work done for their account by the Merchandise Department, or by a contractor dealer when the customer's account is financed by the company. This includes wiring and the installation of appliances for the customer when the appliances are not sold at a price including installation.

When an appliance is sold to a customer at a flat price which includes the installation cost, the inclusive selling price shall be credited either to Account 950.1, Revenue from Merchandise Cash and Charge Sales, or Account 950.2, Revenue from Merchandise Deferred Payment Sales. The cost of installing the appliance shall be charged to Account 951.8, Cost of Merchandise Installations Included in Sales Price.

This account shall include installation work done on the load side of the meter only, and should not be confused with the job order work done by other departments, even though such job order work may have been contracted for through the efforts of the Merchandising or Sales Promotion Department.

950.4 Cash and Employees' Discounts—Debit

This account shall be charged with cash discounts and employees' discounts allowed on sales of appliances, the revenues from which are credited to the preceding revenue accounts.

950.5 Merchandise Returns and Allowances—Debit

This account shall be charged and the customer's account concurrently credited, with price adjustments and with the amount allowed for merchandise returned to the company because of nonpayment, or acquired by the company as a trade-in. Materials and supplies shall be charged and Account 951.2, Merchandise Returned—Credit, concurrently credited with the appraised reconditioned value of the merchandise returned to the company. Both the foregoing transactions shall always be recorded in the same month. The remaining balance, if any, on the customer's account, if such balance is uncollectible, shall be written off to Uncollectible Accounts. The cost of reconditioning merchandise returned, reclaimed, or acquired as a trade-in shall be charged to Account 951.3, Cost of Reconditioning Merchandise.

II. COST OF MERCHANDISE SALES

951.1 Cost of Merchandise Sold

This account shall be charged with the cost of appliances and merchandise sold during the current month at the value at which the merchandise is carried in inventory.

This account shall not include the cost of any material used on initial installations, repairs and servicing, reconditioning merchandise and the servicing of guaranteed appliances.

951.2 Merchandise Returned—Credit

This account shall be credited with the appraised reconditioned (store ledger) value of merchandise returned to the company by the customers because of nonpayments, dissatisfaction or defective material.

To this account shall be credited the salvage value of old appliances accepted by the company on trade-in transactions.

951.3 Cost of Reconditioning Merchandise

This account shall be charged with the cost of all material, labor and expense incidental to reconditioning merchandise returned, reclaimed or acquired as a trade-in.

951.4 Purchase and Storeroom Expense

This account shall be charged with the expense attached to the purchasing of merchandise for resale and the storeroom and warehouse expense incident thereto. Salaries and expenses of employees whose duties involve the purchasing and handling of merchandise for resale shall be charged to this account. Where salaries, expenses, rent of warehouses, accounting and stores handling cannot be directly segregated as between merchandising and the utility's other operations such items may be accounted for as provided in Account 902, Stores Expenses—Clearing.

This account shall also be charged with an amount adequate to cover loss occasioned by shortage, breakage, depreciation, and obsolescence, or error in accounting for materials and supplies used. Such charges should be credited to an appropriate Reserve for Inventory Adjustments—Merchandise (see Account 258-2, Miscellaneous Reserves). Shortages or overages as disclosed by physical inventories and charges occasioned by obsolescence or depreciation of merchandise materials and supplies shall be adjusted through this reserve.

951.5 Purchase Discounts—Credit

This account shall be credited with the annual quantity and all other discounts received from the various manufacturers and dealers on the purchases of merchandise appliances and material, except those deducted on the invoice. Credits to this account shall be made in the months during which the discounts are received.

951.6 Delivery Expenses to Customers' Premises

This account shall be charged with the salaries of individuals engaged in the delivery of merchandise and supplies and materials used in connection with merchandise activities.

This account shall include an equitable charge for the use of the company's transportation equipment and facilities in connection with the delivery of merchandise to customers' premises, and also the expenses in connection with vehicles hired especially for such work.

951.7 Cost of Installations

This account shall be charged with the cost of material and labor used in the initial installation of appliances for which customers are billed and on other installation work, such as wiring on customers' premises on the load side of the meter, the revenues from which are included in Account 950.3, Revenues from Installation. This account shall also include the cost of installation work done by contractor dealers when the customer's accounts are financed by the company.

When the appliance is sold to a customer at a flat price which includes the installation cost, the installation cost shall be charged to Account 951.8, Cost of Merchandise Installations Included in Sales Price.

951.8 Cost of Merchandise Installations Included in Sales Price

This account shall be charged with the cost of material and labor used in installing merchandise appliances when the selling price includes the installation of the appliance.

951.9 Cost of Servicing Guaranteed Appliances

This account shall be charged with the cost of material and labor used in servicing appliances sold to customers by the company with the understanding that the company will service such appliances gratis for a stated period. This account shall include all transportation charges borne by the company to and/or from the manufacturer or dealer when guaranteed appliances or parts are returned for replacement or repair. This account shall not include any charges for appliances or parts which, because of defect, will be replaced gratis by the manufacturer, distributor or dealer. Such charges shall be made to the account with the guarantor.

All other costs of repairs and servicing of appliances, which cannot be classified as cost of servicing guaranteed appliances, shall be charged to Account 762.2.

III. SELLING AND SALES PROMOTION EXPENSES

952.1 Supervision

This account shall include a portion of the salaries and expenses of the officials and their assistants responsible for the administration of the departments dealing with the sale of merchandise.

This account should also include a proper portion of the salaries and expenses of the local managers and clerks in divisional offices, agencies and departments engaged in merchandising activities.

952.2 Salaries and Commissions

This account shall include all salaries, wages and commissions paid to salesmen, other employees, and dealers in connection with the soliciting of and the sale of merchandise by the utility, including the personal expenses of canvassers, solicitors and salesmen. Where employees primarily engaged in other work than merchandise sales devote a part of their time to merchandise selling, a proper portion of their salaries and expenses shall be charged to merchandise activities. The salaries and expenses of each of these employees shall be apportioned between merchandising activities and other activities of the utility.

952.3 Demonstrations

This account shall include the cost of labor and expense incurred in demonstrating electric appliances for the immediate purpose of selling merchandise.

952.4 Advertsing

This account shall include the portion of the cost of advertising and the salaries and expenses of the advertising department applicable to merchandising.

This account should include the cost of such items of expense as booklets, dodgers, newspaper and radio advertising, posters and bulletins pertaining to merchandising advertising in which the company offers merchandise for sale.

952.5 Miscellaneous Sales Expense

This account shall include the cost of labor and materials used and expenses incurred applicable to merchandise, except amounts chargeable to the foregoing accounts.

IV. CUSTOMERS' ACCOUNTING AND COLLECTING EXPENSES

953.1 Supervision

This account shall include the cost of supervising and directing work pertaining to customers' contracts, orders, inquiries, accounting, and collecting.

953.2 Customers' Contracts, Credit Investigations, Records, Orders, Billing, Accounting and Collections

This account shall include the pay and expenses of employees engaged in work on customers' contracts, credit investigations, records pertaining thereto, orders, billing, accounting, collecting, complaints and inquiries, and supplies used and expenses incurred in connection therewith.

953.3 Miscellaneous Expenses

This account shall include the labor, material and expenses which are not chargeable to the foregoing accounts, and which were used or incurred in customers' accounting and collecting.

953.4 Uncollectible Accounts

This account shall be charged with the losses sustained through uncollectible accounts, either on the basis of actual losses or by charges based on estimate, to provide a reserve to cover such losses. (See Account 254, Reserve for Uncollectible Accounts.)

V. ADMINISTRATIVE AND GENERAL EXPENSES

954.1 Salaries and Expenses of General Officers, Executives and Other General or Divisional Office Employees

This account shall include the portion of the compensation (salaries, bonuses, and other consideration for services) of officers, executives and other employees of the utility and their expenses, as prescribed in Accounts 790, 791 and 792, applicable to merchandising.

954.2 General Office Supplies and Expenses

This account shall include the portion of those expenses prescribed in Account 793, applicable to merchandising.

954.3 Management and Supervision Fees and Expenses

This account shall include the portion of those expenses prescribed in Account 794, applicable to merchandising.

954.4 Legal Services

This account shall include the portion of those expenses prescribed in Account 796, applicable to merchandising.

954.5 Insurance

This account shall be charged with the monthly proportion of insurance premiums based on the actual book value of the merchandise stock, if the value of the merchandise material was not stated as a separate item at the time the policy was written. If separate policies are carried on merchandise stocks, the monthly proportion of the actual premium shall be charged to this account. This account shall also be charged with a portion of those expenses prescribed in Account 798, applicable to merchandising.

954.6 Injuries and Damages

This account shall include the portion of those expenses prescribed in Account 799, applicable to merchandising.

954.7 Employees' Welfare Expenses

This account shall include the portion of those expenses prescribed in Account 800, applicable to merchandising.

954.8 Miscellaneous General Expenses

This account shall include the portion of those expenses prescribed in Account 801, applicable to merchandising.

954.9 Maintenance of General Property

This account shall include the portion of those expenses prescribed in Account 802, applicable to merchandising.

955 Rents

This account shall include the rental cost of all space devoted to merchandising, including space occupied by merchandise for display purposes, in warehouses and storerooms. Rental for space occupied by offices connected with merchandising, including rents of property of others used in connection with customers' accounting and collecting shall be charged to this

account. This account shall also include the portion of those expenses prescribed in Account 803, applicable to merchandising.

956 Taxes

This account shall include all items of taxes applicable to merchandising including federal income taxes, state, municipal and other taxes.

957 Depreciation Expense

This account shall include depreciation assigned to automotive equipment, office equipment and furniture and fixtures used by the merchandising department. Depreciation applicable to property used jointly by other departments and the merchandising department should be apportioned and the amount applicable to merchandising shall be charged to this account. Depreciation assigned to jointly used automotive equipment should be charged to merchandising through the operation of clearing account 903.

Appendix II

UNITS OF PROPERTY

INSTRUCTIONS

The following units of property are prescribed and are to be accounted for in accordance with Utility Plant Instruction 12 of the Uniform System of Accounts for Electric Utilities.

The list of units may be expanded by any utility upon notification thereof to the Commissioner, but it may not be condensed; thus, the units listed herein are of maximum size, and while subdivision thereof, or the addition of other units, is permitted, the combination or the increase in size of such units will not be permitted except by order of the Commissioner. Whenever appropriate, the retirements of any unit of property in the structures or equipment accounts shall include all costs of associated items which pertain solely to that unit, such as the cost of foundations, supports, ladders, runways, enclosures, guards, driving mechanisms, indicating, recording and measuring devices with their mountings, starting, control, regulating, protective and safety devices, switchboards, special lighting conduits and wiring, pipes, ducts, spouts, chutes, hoppers, etc.

LIST OF UNITS OF PROPERTY

"The article a, an or the, as appropriate, should be read in connection with each unit of property listed herein."

311. Structures and Improvements

1. Air conditioning or ventilating system.
2. Air duct, one continuous run.
3. Boiler, furnace, hot water heater, or automatic stoker.
4. Burner system, gas or oil.
5. Chimney.
6. Crane.
7. Curb, one continuous run.
8. Directory system.
9. Elevator complete.
10. Entrance, main entrance to a major building.
11. Equipment item, such as a motor generator, engine, turbine, pump, compressor, fan, air washer, elevator drum, elevator cage, reducing valve, main sprinkler valve, or other relatively costly item includible in structures, with or without associated wiring, piping, control equipment, etc.
12. Fence, any continuous run between two buildings or other natural termini, or five hundred feet or more of continuous fence.
13. Fire escape, one continuous fire escape.
14. Fire protection system, one integral unit or system for fire protection.
15. Fixture, lighting, plumbing, heating, etc., with or without associated wiring, piping, control equipment, etc.
16. Foundation, when includible in structures.
17. House-lighting or power board.
18. Partition, movable or fixed.
19. Piping, main or branch run of, two inches or over in size, between one or more units of property and a header or between two or more units of property.
20. Roadway, system of.
21. Roof with or without supporting members. (A structure of irregular shape having more than one roof level may have several isolated roofs, each of which shall be considered an entire roof. In the case of structures to

which lateral extensions have been made, even though having but one roof level, that part of the roof covering an entire section built at one time shall be considered an entire roof.)

22. Scale, weighing, when attached to and forming part of a structure.
23. Sewer system.
24. Sidewalks, system of.
25. Sign, any large or relatively costly permanent sign.
26. Sprinkler system, each independent system controlled by a sprinkler valve.
27. Stack.
28. Vault.
29. Walkway, stairway, gallery, balcony, etc. (each independent item).
30. Wall, any wall forming one side of a relatively important building.
31. Watchman's station system (including clock, keys, etc.).

312. Boiler Plant Equipment

A. Steam Boiler Installation:

1. Arch, furnace (tile and supports for one furnace).
2. Boiler.
3. Brickwork, furnace (for one furnace).
4. Burners, oil, for one boiler.
5. Drum, main steam, or water.
6. Foundation, boiler, when independent of structure.
7. Fuel burning equipment for one boiler (grates, stokers, stoker drive, burners, etc.).
8. Reheater.
9. Setting for one boiler.
10. Soot blowers, for one boiler, with or without related piping, etc.
11. Superheater, whether separate from or integral with boiler.
12. Tubes, water, set of, for one boiler.
13. Water walls, for one boiler, with or without brick and tile.

B. Draft Equipment:

1. Air duct system, for one boiler.
2. Air heater.
3. Breeching system.
4. Cinder catcher.
5. Draft regulating equipment.
6. Fan, draft.
7. Stack, with or without foundation, when includible in boiler plant equipment.

C. Feed Water System:

1. Condenser.
2. Deaerator.
3. Economizer.
4. Evaporator.
5. Heat exchanger.
6. Heater, feedwater (main or stage).
7. Measuring and recording device.
8. Pump (main or stage).
9. Regulator, feed water.
10. Tank.

D. Coal or Wood (Hogged fuel) Fuel Equipment:

1. Bin or bunker not includible in structures.
2. Capstan or winch, power, with or without motor.
3. Car.
4. Car dumper.
5. Chutes or spouts, system of.
6. Conveyor (with or without driving mechanism).
7. Crane (locomotive, gantry or monorail).
8. Crusher.
9. Driving mechanism for conveyor, elevator, or hoist, with or without driving motor.
10. Electric trolley or third rail system.
11. Elevator (vertical, bucket, skip hoist).
12. Gates, chutes, downtakes, spreaders, or hoppers, for one boiler.
13. Hoist or derrick.
14. Hopper, track or weigh.

15. Locomotive.
16. Lorry.
17. Scraper, drag.
18. Screening or sizing installation.
19. Separator, magnetic.
20. Structure, fuel handling, with mechanism (not includible in structures).
21. Track scale.
22. Track system.
23. Trestle.

E. Pulverized Fuel Equipment:

1. Air filter or washer.
2. Air preheater.
3. Air compressor.
4. Conveyor.
5. Chutes, ducts or transport pipes, system of.
6. Coal feeder, raw or powdered.
7. Crusher.
8. Dryer.
9. Fan.
10. Hopper or bin.
11. Pulverizer.
12. Pump.
13. Screening or sizing installation.
14. Separator, electric or mechanical (dust collector or concentrator).
15. Sludge pump.
16. Weighing machine, automatic.

F. Oil Fuel Equipment:

1. Heater.
2. Meter.
3. Pump.
4. Tank.

G. Gas Fuel Equipment:

1. Holder or tank.
2. Meter.
3. Pressure regulator or control device.

H. Ash Handling Equipment:

1. Car.
2. Conveyor or elevator.
3. Crane hoist or derrick.
4. Electric trolley or third rail system.
5. Fan.
6. Locomotive.
7. Pump.
8. Removal system (vacuum, steam jet or hydraulic).
9. Sluiceway or piping system.
10. Storage bin or pit.
11. Sump dredge.
12. Track system.

I. Water Supply and Purification System:

1. Meter.
2. Pump.
3. Strainer.
4. Tank.
5. Water softener or purification system.
6. Well.

J. Ventilating Equipment:

1. Air duct system.
2. Blower.
3. Cooler or heater.
4. Washer.

K. Instruments and Meters:

1. Automatic control installation.
2. Master control installation.
3. Panel section of a switch or instrument board.
4. Recording or indicating device.

L. Equipment Item:

1. Equipment item, such as a motor, engine, turbine, compressor, tank, regulator, measuring or recording device, or other relatively important item of equipment includible in boiler plant equipment.

M. Boiler Plant Piping:

1. Desuperheater.
2. Header of any class of piping such as each pressure or temperature class of live steam; each pressure class of exhaust steam; raw water; treated water; feed water; drip and drain piping; boiler blowdown; compressed air; hot or cold service water; lubricating oil; fuel oil; gas; fire protection; etc.
3. Piping, branch run of any class, 2 inches or over in size, between one or more units of property and a header.
4. Piping, run of any class, 2 inches or over in size, between two or more units of property.
5. Separator or purifier, steam.
6. Trap, high-pressure or large capacity low pressure.
7. Valve, motor operated, pressure reducing, boiler nonreturn, or other relatively costly valve.

Note: Wherever appropriate, the "piping" costs of additions and retirements shall include all costs for pipes, valves, fittings, specials, covering, hangars, supports, etc., pertaining to the run or header in question.

313. Engines and Engine-driven Generators

314. Turbo-generator Units

A. Engine-driven Generator Installation (account 313):

1. Drive or connection between engine and generator.
2. Engine.
3. Exciter, direct connected or belt-driven.
4. Field switch, main generator, when independent of control panels.
5. Foundation, independent of structure.
6. Generator.
7. Governor control system.
8. Rheostat, main generator field.
9. Winding, main generator stator, with or without laminations, frame, etc.
10. Winding, main generator field, with or without spider, shaft, etc.

B. Turbo-generator Installation (account 314):

1. Equipment, starting and turning.
2. Exciter, direct connected or belt-driven.
3. Field switch, main generator, when independent of control panels.
4. Foundation, independent of structure.
5. Generator.
6. Governor control system.
7. Rheostat, main generator field.
8. Rotor, turbine, with or without shaft.
9. Turbine.
10. Winding, main generator stator, with or without laminations, frame, etc.
11. Winding, main generator field, with or without spider, shaft, etc.

C. Condensing and Cooling Water System (accounts 313 and 314):

1. Air ejector apparatus for one condenser.
2. Condenser.
3. Condenser tube protective system (chemical, electric, electrolytic, etc.).
4. Cooling tower.
5. Fan.
6. Intake screen and mechanism.
7. Pump, condensate, circulating, vacuum, etc.
8. Spraying system.
9. Tank.
10. Valve, atmospheric relief or other relatively costly valve.

D. Central Generator Cooling System (accounts 313 and 314):

1. Air duct system.
2. Air washer.
3. Blower.
4. Cooler, one section of, when cooler consists of more than one independent section.
5. Tank.

E. Central Lubricating System (accounts 313 and 314):
1. Accumulator.
2. Cooler.
3. Filter.
4. Pump.
5. Purifier.
6. Separator.
7. Tank.

F. Instruments and Meters (accounts 313 and 314):
1. Panel section of a switch or instrument board.
2. Recording or indicating device.

G. Equipment Item (accounts 313 and 314):
1. Equipment item such as a motor, engine, turbine, compressor, tank, regulator, measuring or recording device, or other relatively costly item of equipment includible in engine or turbine plant.

H. Engine and Turbine Plant Piping (accounts 313 and 314):
1. Header of any class of piping, such as each pressure or temperature class of live steam; each pressure class of exhaust steam; raw water; treated water; feed, stage, and condensate water; cooling water; gland piping; lubricating oil; insulating oil; gas; free exhaust piping; vent piping; drip and drain piping; condensing water; compressed air; hot or cold service water; oil and lubricating, etc.
2. Piping, branch run of any class, 2 inches or over in size, between one or more units of property and a header.
3. Piping, run of any class, 2 inches or over in size, between two or more units of property.
4. Separator or purifier, steam.
5. Tank.
6. Trap, high-pressure or large capacity low-pressure.
7. Valve, motor operated, pressure reducing, or other relatively costly valve.

Note: Wherever appropriate, the piping costs of additions and retirements shall include all costs for pipes, valves, fitting, specials, covering, hangars, supports, etc., pertaining to the run or header in question.

315. Accessory Electric Equipment

1. Air-duct system.
2. Auxiliary generator.
3. Battery charging set.
4. Choke coils, set of.
5. Condenser, synchronous.
6. Control installation, system operator's.
7. Converter, synchronous or rotary.
8. Equipment item, such as a motor, generator, engine, turbine, pump, compressor, ventilating fan, air washer, tank, regulator, measuring or recording device, or similar item of equipment includible in accessory electric equipment.
9. Exciter, separately driven.
10. Engine, turbine, motor or other prime mover for auxiliary generator or separately driven exciter.
11. Fan or blower.
12. Foundation, equipment.
13. Frequency changer.
14. Frequency control system.
15. Fuse equipment, set of high tension.
16. Generator voltage regulator system.
17. Induction regulator.
18. Lightning arrester.
19. Oil circuit breaker.
20. Panel, devoted to a single purpose, with electric equipment accessory thereto.
21. Reactor or resistor.
22. Rectifier.
23. Static condensers, set or bank of.
24. Storage battery (station control).
25. Switches, set of disconnecting.
26. Testing equipment, set of.
27. Transformer, not accessory to a panel.
28. Transformers, instrument, set of current or potential.
29. Truck switch with wiring and instruments.
30. Wiring, power:
    (a) Bus compartment, for one circuit, including integral cubicles for equipment.

(b) Bus—wires, cables, and insulators.
(c) Cable or conductor, each continuous circuit run.
(d) Conduit, generator leads to a bus, each continuous run of single conductor, including supports and protective barriers.
(e) Multiple conduit run between two or more units of property.
(f) Outgoing feeder or auxiliary power feeder including its individual conduit, supports and barriers.

Note: When two or more relatively costly cables are used for the main leads of a major equipment item, each run of cable shall be considered a unit of property.

316. Miscellaneous Power Plant Equipment

1. Air compressor.
2. Air conditioning or ventilating system.
3. Barge, boat or similar item of marine equipment.
4. Car, railway.
5. Communication system, station signal or call.
6. Compressed air system.
7. Crane, hoist or derrick.
8. Equipment, each item of major production plant work equipment such as power shovel, tractor, trailer, concrete mixer, grader wagon, portable power saw, or other relatively important item of work equipment.
9. Fire protection system.
10. Fire extinguisher, hose cart, or other relatively costly fire protection item.
11. Laboratory equipment, principal item, such as drying oven, calorimeter, gauge tester, etc.
12. Locomotive, speeder, hand car, or other relatively important item of railway equipment.
13. Oil-reclaiming installation, rag washer, or similar item of equipment.
14. Pump, motor, engine, or similar item of equipment.
15. Tool, each principal item such as forge, lathe, drill press, steam hammer, power saw, power grinder, welding equipment, etc.
16. Vacuum cleaning system.

Note: If any of the units of property listed above are a part of a structure and includible in account 311, Structures and Improvements, they shall be accounted for through that account.

321. Structures and Improvements

(See account 311 for applicable units of property.)

322. Reservoirs, Dams and Waterways

1. Anchor, flow line; penstock, etc.
2. Apron.
3. Boom.
4. Bridge or draw span.
5. Bulkhead.
6. Canal, section of canal 100 feet or more in length.
7. Dam.
8. Dike, with or without riprap or core wall.
9. Fish ladder, elevator, or lock system.
10. Forebay.
11. Foundation.
12. Flume, open or closed, section of flume 100 feet or more in length.
13. Gate.
14. Gate hoist, with or without motor, engine, etc.
15. Gate hoist track.
16. Gate section.
17. Gauging station, controller for remote controlled water stage recorder or similar installation.
18. Gravity section.
19. Heating or thawing system, each isolated installation.
20. Lock, navigation.
21. Motor, engine or other similar power device.
22. Manifold (flow line or penstock).
23. Penstock, section of penstock 100 feet or more in length.
24. Pier.
25. Piling, system of, to protect any of the structures.
26. Substructure, power plant.
27. Tailrace.
28. Tank, surge (or each major item in the case of an elaborate surge tank structure).
29. Trash rack.
30. Transformer, power.

31. Trestle, flume, flow line, penstock, etc., one continuous section 100 feet or more in length, or one complete trestle if the over-all length is less than 100 feet.
32. Tunnel.
33. Tunnel portal.
34. Tunnel lining, one continuous section of lining 100 feet or more in length or one complete section of isolated lining if entire section is less than 100 feet long from end to end.
35. Valve, flow line, automatic air vent, upper penstock, etc., with or without operating mechanism.
36. Walkway.
37. Wall, wing, cutoff, baffle.
38. Wiring, light and power system, each isolated installation.

323. Water Wheels, Turbines, and Generators

A. Hydro-generating Installation:

1. Bearing, step or thrust, with or without associated equipment.
2. Drive or connection between water wheel and generator.
3. Draft tube.
4. Exciter, direct connected or belt-driven.
5. Equipment item such as air compressor, pump, motor, auxiliary turbine, pressure regulator, tank, servomotor, hoist, speed limit device, or other relatively costly equipment item.
6. Foundation, independent of structure.
7. Field switch, when independent of other control panels.
8. Generator.
9. Governor control system.
10. Rheostat, main generator field.
11. Runner, water wheel, with or without shaft.
12. Valve, penstock, main, relief, by-pass, or other relatively costly valve.
13. Water turbine or water wheel, with or without draft tube, scroll case or housing.

14. Winding, main generator stator, with or without laminations, frame, etc.
15. Winding, main generator field, with or without spider, shaft, etc.

B. Central Generator Cooling System:

1. Air duct system.
2. Air washer.
3. Blower.
4. Cooler, one section of, when cooler consists of more than one independent section.
5. Equipment item such as pump, motor, tank, strainer, or other relatively important item of equipment.
6. Piping system.

C. Central Lubricating or Bearing Pressure System:

1. Accumulator.
2. Cooler.
3. Motor.
4. Piping system.
5. Pump.
6. Purifier, filter or separator.
7. Tank.

D. Instruments and Meters:

1. Panel section of switch or instrument board.
2. Recording or indicating device.

324. Accessory Electric Equipment

(See account 315 for applicable units of property.)

325. Miscellaneous Power Plant Equipment

(See account 316 for applicable units of property.)

326. Roads, Railroads, and Bridges

1. Bridge, one span with or without foundations or piers.
2. Culvert.
3. Draw span.
4. Railroad.
5. Road or trail.
6. Trestle.

One continuous section 100 feet or more in length, or one complete section if the over-all length is less than 100 feet.

331. Structures and Improvements

(See account 311 for applicable units of property.)

332. Fuel Holders, Producers, and Accessories

A. Fuel Oil System:

1. Boiler, heating.
2. Heater, not a part of tank.
3. Meter, fuel oil.
4. Piping system, fuel oil.
5. Pump.
6. Purifier.
7. Tank, including foundations, supports and fire protection.

B. Gas Fuel System:

1. Ash handling equipment for a producer.
2. Boiler.
3. Booster.
4. Compressor.
5. Fuel handling equipment for a producer.
6. Holder.
7. Meter.
8. Piping system, gas.
9. Producer.
10. Recording or indicating device.
11. Regenerator.
12. Scrubber or washer.
13. Vaporing unit for butane gas.

333. Internal Combustion Engines

A. Internal Combustion Engine:

1. Air intake equipment for one engine.
2. Drive or connection between engine and generator.
3. Engine, with or without foundation.
4. Governor control system.
5. Heat exchanger.
6. Meters and instruments for one engine.
7. Muffler.
8. Stack.
9. Starting and turning equipment.

B. Central Lubricating System:

1. Cooler.
2. Piping system, oil.
3. Pump.
4. Purifier or filter.
5. Tank.

C. Central Cooling Water System:

1. Heat exchanger.
2. Piping system, cooling water.
3. Pump.
4. Purification system, water.
5. Spraying system.
6. Tank, storage, surge, or hot-well.
7. Tower, cooling.

D. Central Starting System:

1. Compressor.
2. Piping system, starting.
3. Tank storage or compressed air.

E. Central Intake Air Supply:

1. Air duct system.
2. Air filter or screen.
3. Blower.
4. Silencer.

F. Central Exhaust Gas System:

1. Heat exchanger (or waste heat boiler).
2. Muffler.
3. Piping system, exhaust.
4. Stack.

334. Generators

1. Exciter, direct connected or belt-driven.
2. Field switch, main generator when independent of control panels.
3. Foundation, independent of structure.
4. Generator.
5. Rheostat, main generator field.

6. Winding, main generator stator, with or without laminations, frame, etc.
7. Winding, main generator field, with or without spider, shaft, etc.

335. Accessory Electric Equipment

(See account 315 for applicable units of property.)

336. Miscellaneous Power Plant Equipment

(See account 316 for applicable units of property.)

342. Structures and Improvements (Transmission)

(See account 311 for applicable units of property.)

343. Station Equipment (Transmission)

1. Air compressor.
2. Air duct system.
3. Battery charging set.
4. Bus compartment, including integral cubicles for equipment, for one circuit.
5. Bus—wires, cables, and insulators.
6. Cable or conductor, each continuous circuit run (see note).
7. Cable terminals, potheads, etc., set of.
8. Choke coils, set of.
9. Condenser, synchronous.
10. Conduit, each continuous run or bank.
11. Converter, synchronous or rotary.
12. Crane or hoist.
13. Cutouts, transformer, set of.
14. Enclosure equipment, such as a guard, screen, housing, fence, or barrier not a part of the structure.
15. Equipment item such as reclosing timer, reverse power relay, solenoid or motor operated closing mechanism for large circuit breaker, automatic throw-over switch or other relatively costly equipment item whether mounted independently or on a panel, circuit breaker, machine, or other unit.
16. Equipment, starting and turning.

17. Fan or blower.
18. Foundation, equipment.
19. Frequency changer.
20. Fuse equipment, set of high tension.
21. Instrument transformers, set of, current or potential.
22. Insulators, wall or roof entrance, set of high tension.
23. Induction regulator, with or without accessories.
24. Lighting system.
25. Lightning arrester.
26. Manhole, hand hole or junction box.
27. Motor.
28. Motor generator set.
29. Oil purifier or filter.
30. Oil switch or circuit breaker.
31. Panel or panels, devoted to a single purpose, with or without electrical equipment accessory thereto.
32. Pump (oil, water, etc.)
33. Reactor or resistor.
34. Rectifier.
35. Rheostat, field; for main unit such as motor, generator, etc.
36. Stair or platform.
37. Static condensers, set or bank of.
38. Storage battery (station control).
39. Structure forming a common support for two or more units of equipment.
40. Switches, set of disconnecting.
41. Tank, oil storage, cooling water, etc.
42. Testing equipment, set of.
43. Track system, transformer.
44. Transformer, not accessory to a panel.
45. Transformer cooling system, spray pond, pump, motor, spray system, tank, piping system, or other relatively important item.
46. Truck switch with wiring and instruments.
47. Truck, transformer.
48. Winding, stator, for motor, generator, synchronous condenser, or similar major equipment item, with or without laminations, frame, etc.

49. Winding, field, for motor, generator, synchronous condenser or similar major equipment item, with or without spider, shaft, etc.

Note: When two or more relatively costly cables are used for the main leads of a major equipment item, each run of cable shall be considered a unit of property.

344. Towers and Fixtures (Transmission)

1. Tower with or without foundation.

345. Poles and Fixtures (Transmission)

1. Frame, A or H, with or without associated crossarms, guys, anchors, etc.
2. Pole, i. e., line pole, brace pole, pole forming part of a structure, or guy pole, with or without associated crossarms, guys, anchors, etc.

346. Overhead Conductors and Devices (Transmission)

1. Conductor, 1,000 feet or more of.
2. Circuit breaker.
3. Insulators, 35 or more costing $1.00 or more each.
4. Lightning arrestors, set of, or other relatively costly line device.
5. Line switches, set of.

347. Underground Conduit (Transmission)

1. Conduit, section of, between two manholes, hand holes or vaults or between any two natural termini.
2. Transformer vault.
3. Manhole, splicing chamber, or cable vault.
4. Hand hole.
5. Ventilating equipment, complete installation at one location.

348. Underground Conductor and Devices (Transmission)

1. Circuit breaker.
2. Conductor (buried) section of cable 600 feet or more in length.
3. Conductor (in conduit) circuit between two vaults, manholes or hand holes or between one of these and any natural terminus.
4. Conductor (submarine) submerged length of cable between terminal chambers or manholes.
5. Disconnecting pot heads, set of.

6. Junction box.
7. Lightning arresters, set of.
8. Line switches, set of.
9. Network protector.

349. Roads and Trails (Transmission)

(See account 326 for applicable units of property.)

351. Structures and Improvements (Distribution)

(See account 311 for applicable units of property.)

352. Station Equipment (Distribution)

(See account 343 for applicable units of property.)

353. Storage Battery Equipment

1. Balancer set, each unit of, such as motor, generator, starter, etc.
2. Battery, one cell of.
3. Battery room flooring, one hundred square feet of.
4. Bus bar connection, one hundred feet of bus bar.
5. Charging set, each unit of, such as motor, generator, starter, etc.
6. Fan.
7. Motor.
8. Switch, end cell.
9. Testing equipment, set of.
10. Ventilating duct, each continuous run of.

Note. See account 343, Station Equipment (Transmission) for other appropriate units.

354. Poles, Towers and Fixtures (Distribution)

1. Frame, A or H, with or without associated crossarms, guys, anchors, etc.
2. Pole, i. e., line pole, brace pole, pole forming part of a structure, or guy pole with or without associated crossarms, guys, anchors, etc.
3. Tower, with or without foundation.

355. Overhead Conductors and Devices (Distribution)

1. Conductor, 1,000 feet or more of.
2. Circuit breaker.
3. Insulators, 35 or more costing $1.00 or more each.
4. Lightning arresters, set of, or other relatively costly line devices.
5. Line switches, set of.

356. Underground Conduit (Distribution)

1. Conduit, section of, between two manholes, hand holes, or vaults or between any two natural termini.
2. Transformer vault.
3. Manhole, splicing chamber, or cable vault.
4. Hand hole.
5. Ventilating equipment, complete installation at one location.

357. Underground Conductors and Devices (Distribution)

1. Circuit breaker.
2. Conductor (buried), section of cable 600 feet or more in length.
3. Conductor (in conduit), circuit between two vaults, manholes and or hand holes or between one of these and any natural terminus.
4. Conductor (submarine), submerged length of cable between terminal chambers and or manholes.
5. Disconnecting pot heads, set of.
6. Junction box.
7. Lightning arresters, set of.
8. Line switches, set of.
9. Network protector.

358. Line Transformers

1. Capacitor.
2. Lightning arresters, set of.
3. Network protector.
4. Transformer, with or without case.
5. Transformer cut-outs, cut-out boxes, or switches, set of.
6. Voltage regulator, with or without accessories.

Note: In order to facilitate the accounting for transformer cut-outs, boxes and or switches, a "set" shall be considered as consisting of two or more of these items.

(See also text of account 761-3, Removing and Resetting Line Transformers.)

359. Services

1. Overhead service including insulators, etc.
2. Underground service (not including duct).
3. Underground service duct.

360. Meters

1. Combination clock and meter.

2. Current limiting device.
3. Instrument transformer, current or potential.
4. Meter.
5. Meter base (for socket type meter, clock, etc.).
6. Peak limiter.
7. Time switch.

(See also text of account 762-1, Removing and Resetting Meters.)

361. Installations on Customers' Premises

1. Cable vault.
2. Commercial lighting equipment installation on one premise.
3. Equipment installation, such as a frequency changer, a motor, a motor generator set, etc.
4. Switchboard and wire or cable connections on one premise.

Note: See also other accounts for appropriate units of property.

362. Leased Property on Customers' Premises

1. Equipment installation, such as a motor, a transformer, etc.

Note: See also other accounts for appropriate units of property.

363. Street Lighting and Signal Systems

1. Lamp supporting structure such as span support mast arm, bracket, etc.
2. Lighting unit or luminaire complete with glassware.
3. Post or standard.
4. Signal installation in one location.
5. Series contactor.
6. Time switch.
7. Transformer (constant current, potential or series).

Note: See also units as listed under accounts 343, Station Equipment (Transmission), 355, Overhead Conductors and Devices; 356, Underground Conduit, 357, Underground Conductors and Devices; and 358, Line Transformers, when such property is included in this account.

371. Structures and Improvements (General)

(See account 311 for applicable units of property.)

372. Office Furniture and Equipment

Each principal item of equipment such as:

1. Adding or calculating machine (including coin counters, bookkeeping machines, billing machines, etc.).

2. Bookcase, (each section, if consisting of standard interchangeable sections).
3. Blue print machine.
4. Cabinet or section of movable shelving.
5. Carpet or rug.
6. Chair, swivel, arm, or other relatively costly chair, but not including plain straight, or folding chairs.
7. Clock, large wall or other relatively costly clocks.
8. Counter, portable.
9. Desk.
10. Dictating machine (recording or reproducing).
11. Duplicating machine (including letter press).
12. Filing case (one section of).
13. Fire extinguisher, portable.
14. Photostat machine.
15. Printing press.
16. Safe.
17. Sofa or lounge.
18. Table.
19. Typewriter.
20. Vacuum cleaner or power floor polisher.
21. Wardrobe.

373. Transportation Equipment

Each principal item of equipment such as:

1. Air compressor.
2. Gasoline or oil pump.
3. Gasoline or oil storage tank.
4. Horse, mule or ox.
5. Motor, generator, etc. (for battery charger, etc.).
6. Motorcycle.
7. Power-driven greasing machine.
8. Tractor.
9. Trailer.
10. Vehicle, any motor vehicle, trailer, etc., for which a state motor vehicle license is required, including winch, derrick, hole digger, tower, etc., permanently attached thereto.

Note: See also account 375, Shop Equipment, for appropriate units of property in transportation equipment repair shop.

374. Stores Equipment

Each principal item of equipment such as:

1. Crane, hoist or chainfall.
2. Motor.
3. Portable elevating and stacking equipment.
4. Scale, platforms, etc., but not including small inexpensive counter scales.
5. Shelving or bins, section of when not permanently attached to the structure.
6. Truck, hand or platform.

375. Shop Equipment

Each principal item of equipment such as:

1. Air compressor.
2. Baking oven.
3. Battery charger.
4. Boiler.
5. Coil winding machine.
6. Crane, hoist or chainfall.
7. Drilling machine.
8. Drill press.
9. Electric welding machine.
10. Engine.
11. Forge.
12. Furnace.
13. Lathe.
14. Milling machine.
15. Motor.
16. Planer.
17. Power threading machine.
18. Power saw.
19. Shaper.
20. Vise.
21. Welding outfit.
22. Work bench.

376. Laboratory Equipment

Each principal item of equipment such as:

1. Ammeter.
2. Battery.

3. Camera.
4. Centrifuge.
5. Dynamometer.
6. Frequency changer.
7. Galvanometer.
8. Inductometer.
9. Meter, laboratory standard, portable test, rotating standard, etc.
10. Motor-generator.
11. Projector.
12. Public address equipment.
13. Radio interference equipment item.
14. Standard cell, reactance, resistance, shunt, etc.
15. Switchboard.
16. Surveying instrument, level, transit, etc.
17. Testing machine.
18. Transformer, testing, loading, etc.
19. Transformer, instrument.
20. Voltage regulator.
21. Voltmeter.

377. Tools and Work Equipment

Each principal item of equipment such as:

1. Air compressor.
2. Barge, boat or similar marine equipment.
3. Boiler.
4. Cable pulling power equipment.
5. Cable splicer's cart.
6. Concrete mixer.
7. Derrick, crane, hoist, or chainfall.
8. Engine.
9. Forge.
10. Furnace.
11. Motor.
12. Pile driving machine.
13. Pipe machine, threading, cutting, etc.
14. Pole setting machine (when not includible in transportation equipment).
15. Posthole digger (when not includible in transportation equipment).

16. Pump.
17. Trenching machine.

378. Communication Equipment

Each principal item of equipment such as:

1. Carrier current coupling capacitor.
2. Carrier current transmitting and receiving set.
3. Intercommunicating telephone system.
4. Motor generator set.
5. Radio receiver.
6. Radio transmitter.
7. Storage battery installation.

Note: Units of conductors, supports, and duct lines shall be identical with those prescribed for accounts 344, Towers and Fixtures (Transmission); 345, Poles and Fixtures (Transmission); 346, Overhead Conductors (Transmission); 347, Underground Conduit (Transmission); 348, Underground Conductors and Devices (Transmission); 354, Poles, Towers and Fixtures (Distribution); 355, Overhead Conductors and Devices (Distribution); 356, Underground Conduits (Distribution); and 357, Underground Conductors and Devices (Distribution).

379. Miscellaneous Equipment

Each principal item of equipment such as:

1. Billard or pool table.
2. Bowling alley.
3. Cabinet, locker, etc.
4. Cottage or dormitory furniture such as chair, bed, table, bureau, etc.
5. Principal item of hospital or infirmary equipment such as examination table, sterilizer, arm bath, equipment cabinet, foot bath, X-ray equipment, etc.
6. Principal item of gymnasium equipment such as parallel bars, horse, springboard, etc.
7. Principal item of equipment in load dispatcher's office, not includible in account 372, Office Furniture and Equipment, or account 378, Communication Equipment, such as master clock, recording or indicating device, remote control device, etc.
8. Radio.
9. Range.
10. Refrigerator.
11. Sewing machine.
12. Soda fountain.

Note: See also account 372, Office Furniture and Equipment, for appropriate units of property.

Appendix III

APPLICATION OF UNIFORM SYSTEM OF ACCOUNTS TO CLASS C ELECTRIC UTILITIES

INSTRUCTIONS

1. This Appendix is designed to show the accounts required to be kept by Class C electric utilities. The accounts required to be so kept are shown together with all accounts for Class A electric utilities in order to clearly designate and identify accounts required to be kept by Class C electric utilities.

2. Each Class C electric utility shall keep all of the accounts listed in this Appendix insofar as same are applicable.

3. The definitions and all instructions contained in the foregoing system of accounts for Class A and B electric utilities apply in principle to Class C electric utilities. Reference in said definitions and instructions to accounts which have been combined herein shall apply in principle to the combined accounts. The text and list of items appearing under the accounts prescribed for Class A and B electric utilities shall apply in detail to the accounts set forth for Class C electric utilities.

4. Any Class C electric utility may at its option keep the accounts prescribed for Class A or Class B electric utilities providing notification thereof is given to the Commissioner.

BALANCE SHEET ACCOUNTS

ASSETS AND OTHER DEBITS

I. Utility Plant

100. Utility Plant
- 100.1 Utility Plant in Service
- 100.2 Utility Plant Leased to Others
- 100.3 Construction Work in Progress
- 100.4 Utility Plant Held for Future Use
- 100.5 Utility Plant Acquisition Adjustments
- 100.6 Utility Plant in Process of Reclassification

107. Utility Plant Adjustments

II. Investment and Fund Accounts

110. Other Physical Property

111. Investments in Affiliated Interests
(Combines Class A Accounts)
- 111.1 Investments in Securities of Affiliated Interests
- 111.2 Advances to Affiliated Interests

112. Other Investments

114. Special Funds
(Combines Class A Accounts)
- 113. Sinking Funds
- 114.1 Depreciation Fund
- 114.2 Amortization Fund—Federal
- 114.3 Miscellaneous Special Funds

III. Current and Accrued Assets

122. Cash and Working Funds
(Combines Class A Accounts)
- 120. Cash
- 121.1 Interest Special Deposits
- 121.2 Dividend Special Deposits
- 121.3 Miscellaneous Special Deposits
- 122. Working Funds

123. Temporary Cash Investments

124. Notes Receivable

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities

125. Accounts Receivable
(Combines Class A Accounts)
125.1. Accounts Receivable—Customers
125.2 Other Accounts Receivable
126. Receivables from Affiliated Interests
(Combines Class A Accounts)
126.1 Notes Receivable from Affiliated Interests
126.2 Accounts Receivable from Affiliated Interests
131. Material and Supplies
(Combines Class A Accounts)
131.1 Material and Supplies—Utility
131.2 Material and Supplies—Other
132. Prepayments
133. Miscellaneous Current and Accrued Assets
(Combines Class A Accounts)
127. Subscriptions to Capital Stock
128. Interest and Dividends Receivable
129. Rents Receivable
130. Accrued Utility Revenues
133. Other Current and Accrued Assets

IV. Deferred Debits

140. Unamortized Debt Discount and Expense
141. Extraordinary Property Losses
146. Miscellaneous Deferred Debits
(Combines Class A Accounts)
142. Preliminary Survey and Iinvestigation Charges
143. Clearing Accounts
144. Retirement Work in Progress
145. Other work in Progress
146. Other Deferred Debits

V. Capital Stock Discount and Expense

150. Discount on Capital Stock
151. Capital Stock Expense

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

VI. Reacquired Securities

152. Reacquired Securities
(Combines Class A Accounts)
152. Reacquired Capital Stock
153. Reacquired Long-term Debt

LIABILITIES AND OTHER CREDITS

VII. Capital Stock

200. Common Capital Stock
201. Preferred Capital Stock
202. Stock Liability for Conversion
203. Premiums and Assessments on Capital Stock
204. Capital Stock Subscribed
205. Installments Received on Capital Stock

VIII. Long-Term Debt

210. Bonds
211. Receivers' Certificates
212. Advances from Affiliated Interests
(Combines Class A Accounts)
212.1 Advances on Notes
212.2 Advances on Open Accounts
213. Miscellaneous Long-Term Debt

IX. Current and Accrued Liabilities

220. Notes Payable
221. Notes Receivable Discounted
222. Accounts Payable
223. Payables to Affiliated Interests
(Combines Class A Accounts)
223.1 Notes Payable to Affiliated Interests
223.2 Accounts Payable to Affiliated Interests
224. Dividends Declared
225. Matured Long-Term Debt
226. Matured Interest

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

227. Customers' Deposits
228. Taxes Accrued
229. Interest Accrued
(Combines Class A Accounts)
229.1 Interest Accrued on Long-Term Debt
229.2 Interest Accrued on Other Liabilities
230. Other Current and Accrued Liabilities

X. Deferred Credits

240. Unamortized Premium on Debt
241. Customers' Advances for Construction
242. Other Deferred Credits
243. Prepaid Line Extension Revenues—Oregon

XI. Reserves

250. Reserve for Depreciation of Utility Plant
(Combines Class A Accounts)
250.1 Reserve for Depreciation of Utility Plant in Service
250.2 Reserve for Depreciation of Utility Plant Leased to Others
250.3 Reserve for Depreciation of Utility Plant Held for Future Use
251. Reserve for Amortization of Limited-Term Utility Investments
(Combines Class A Accounts)
251.1 Reserve for Amortization of Limited-Term Utility Investments—Utility Plant in Service
251.2 Reserve for Amortization of Limited-Term Utility Investments—Utility Plant Leased to Others
251.3 Reserve for Amortization of Limited-Term Utility Investments—Utility Plant Held for Future Use
252. Reserve for Amortization of Utility Plant Acquisition Adjustments

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

253. Reserve for Depreciation and Amortization of Other Property

254. Reserve for Uncollectible Accounts
(Combines Class A Accounts)
- 254.1 Utility Service
- 254.2 Merchandising
- 254.3 Affiliated Interests
- 254.4 Officers and Employees
- 254.5 Other

258. Miscellaneous Reserves
(Combines Class A Accounts)
- 255. Insurance Reserve
- 256. Injuries and Damages Reserve
- 257. Employees' Provident Reserve
- 258.1 Amortization Reserve—Federal
- 258.2 Miscellaneous Reserves

XII. Contributions in Aid of Construction

265. Contributions in Aid of Construction

XIII. Surplus

270. Capital Surplus

271. Earned Surplus

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

UTILITY PLANT ACCOUNTS

I. Intangible Plant

301. Organization
302. Franchises and Consents
303. Miscellaneous Intangible Plant

II. Production Plant

(A) Steam Production

310. Land and Land Rights
311. Structures and Improvements
312. Boiler Plant Equipment
313. Engines and Generators
(Combines Class A Accounts)
313. Engines and Engine Driven Generators
314. Turbo-Generator Units
315. Other Power Plant Equipment
(Combines Class A Accounts)
315. Accessory Electric Equipment
316. Miscellaneous Power Plant Equipment

(B) Hydraulic Production

320. Land and Land Rights
321. Structures and Improvements
322. Reservoirs, Dams, and Waterways
323. Water Wheels, Turbines, and Generators
324. Other Power Plant Equipment
(Combines Class A Accounts)
324. Accessory Electric Equipment
325. Miscellaneous Power Plant Equipment
326. Roads, Railroads, and Bridges

(C) Internal Combustion Engine Production

330. Land and Land Rights
331. Structures and Improvements
332. Fuel Holders, Producers, and Accessories

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

333. Engines and Generators
(Combines Class A Accounts)
333. Internal-Combustion Engines
334. Generators
335. Other Power Plant Equipment
(Combines Class A Accounts)
335. Accessory Electric Equipment
336. Miscellaneous Power Plant Equipment

III. Transmission Plant

340. Land and Land Rights
341. Clearing Land and Rights-of-way
342. Structures and Improvements
343. Station Equipment
344. Poles, Towers, and Fixtures
(Combines Class A Accounts)
344. Towers and Fixtures
345. Poles and Fixtures
346. Overhead Conductors and Devices
347. Underground Conduit
348. Underground Conductors and Devices
349. Roads and Trails

IV. Distribution Plant

350. Land and Land Rights
351. Structures and Improvements
352. Station Equipment
(Combines Class A Accounts)
352. Station Equipment
353. Storage Battery Equipment
354. Poles, Towers, and Fixtures
355. Overhead Conductors and Devices
356. Underground Conduit
357. Underground Conductors and Devices
358. Line Transformers
359. Services
360. Meters
361. Installations on Customers' Premises
362. Leased Property on Customers' Premises
363. Street Lighting and Signal Systems

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

V. General Plant

370. Land and Land Rights
371. Structures and Improvements
372. Office Furniture and Equipment
373. Transportation Equipment
374. Stores Equipment
375. Shop Equipment
376. Laboratory Equipment
377. Tools and Work Equipment
378. Communication Equipment
379. Miscellaneous Equipment
390. Other Tangible Property
391. Utility Plant Purchased
392. Utility Plant Sold

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

EARNED SURPLUS ACCOUNT

CREDITS

271. Earned Surplus (at beginning of period)
400. Credit Balance Transferred from Income Account
401. Miscellaneous Credits to Surplus
Total Credits

DEBITS

410. Debit Balance Transferred from Income Account
411. Dividend Appropriations—Preferred Stock
412. Dividend Appropriations—Common Stock
413. Miscellaneous Reservations of Surplus
414. Miscellaneous Debits to Surplus
Total Debits
271. Earned Surplus (at end of period)

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

INCOME ACCOUNTS

I. Utility Operating Income

501. Operating Revenues

Operating Revenue Deductions:

502. Operating Expenses
503. Depreciation
504. Amortization of Limited-Term Utility Investments
505. Amortization of Utility Plant Acquisition Adjustments
506. Property Losses Chargeable to Operations
507. Taxes

Total Operating Revenue Deductions

Net Operating Revenues

508. Income from Utility Plant Leased to Others
508.1 Revenues from Plant Leased to Others
508.2 Expenses of Plant Leased to Others
Income from Utility Plant Leased to Others
510. Rent for Lease of Utility Plant
Total Utility Operating Income

II. Other Income

520. Income from Merchandising
521. Income from Non-Utility Operations
522. Revenues from Lease of Other Physical Property
523. Dividend Revenues
524. Interest Revenues
(Combines Class A Accounts)
524.1 Interest on Securities Owned
524.2 Other Interest Revenues
525. Revenues from Sinking and Other Funds
526. Miscellaneous Non-Operating Revenues
527. Non-Operating Revenue Deductions
Total Other Income
Gross Income

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

III. Income Deductions

530. Interest on Long-Term Debt
531. Amortization of Debt Discount and Expense
532. Amortization of Premium on Debt—Cr.
533. Taxes Assumed on Interest
534. Interest on Debt to Affiliated Interests
(Combines Class A Accounts)
534.1 Interest on Advances from Affiliated Interests
534.2 Interest on Other Debt to Affiliated Interests
535. Other Interest Charges
536. Interest Charged to Construction—Cr.
537. Miscellaneous Amortization
538. Miscellaneous Income Deductions
Total Income Deductions
Net Income

IV. Disposition of Net Income

540. Miscellaneous Reservations of Net Income
Balance Transferred to Earned Surplus

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

OPERATING REVENUE ACCOUNTS

I. Sales of Electric Energy

600. Residential or Domestic Sales
601. Rural Sales
602. Commercial and Industrial Sales
603. Public Street and Highway Lighting
604. Other Sales to Public Authorities
605. Sales to Other Electric Utilities
606. Sales to Railroads and Railways
607. Interdepartmental Sales
608. Other Sales

II. Other Electric Revenues

610. Rent from Electric Property
611. Interdepartmental Rents
612. Customers' Forfeited Discounts and Penalties
613. Sales of Water and Water Power
614. Servicing of Customers' Installations
615 Miscellaneous Electric Revenues

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

OPERATING EXPENSE ACCOUNTS

I. Production Expenses

A. Electric Generation—Steam Power

Operation

701. Operation Supervision and Engineering
702. Station Labor
(Combines Class A Accounts)
702.1 Boiler Labor
702.2 Prime Mover and Generator Labor
702.3 Electric Labor
702.4 Miscellaneous Station Labor
703. Fuel
704. Water
705. Supplies and Expenses
(Combines Class A Accounts)
705.1 Lubricants
705.2 Station Supplies
705.3 Station Expenses

Maintenance

706. Maintenance Supervision and Engineering
707. Maintenance of Structures and Improvements
708. Maintenance of Boiler Plant Equipment
(Combines Class A Accounts)
708.1 Maintenance of Fuel Storage, Handling, and Weighing Equipment
708.2 Maintenance of Furnaces and Boilers
708.3 Maintenance of Boiler Apparatus
708.4 Maintenance of Steam Piping and Accessories
709. Maintenance of Generating and Electric Equipment
(Combines Class A Accounts)
709.1 Maintenance of Prime Movers and Generators
709.2 Maintenance of Accessory Electric Equipment
709.3 Maintenance of Miscellaneous Power Plant Equipment

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

Miscellaneous

710. Rents
711. Steam from Other Sources
712. Steam Transferred—Cr.
713. Joint Expenses—Dr.
714. Joint Expenses—Cr.

B. Electric Generation—Hydraulic Power

Operation

715. Operation Supervision and Engineering
716. Station Labor
(Combines Class A Accounts)
716.1 Hydraulic Labor
716.2 Prime Mover and Generator Labor
716.3 Electric Labor
716.4 Miscellaneous Station Labor
717. Water for Power
718. Supplies and Expenses
(Combines Class A Accounts)
718.1 Lubricants
718.2 Station Supplies
718.3 Station Expenses

Maintenance

719. Maintenance Supervision and Engineering
720. Maintenance of Structures and Improvements
721. Maintenance of Reservoirs, Dams and Waterways
722. Maintenance of Generating and Electric Equipment
(Combines Class A Accounts)
722.1 Maintenance of Prime Movers and Generators
722.2 Maintenance of Accessory Electric Equipment
722.3 Maintenance of Miscellaneous Power Plant Equipment
723. Maintenance of Roads, Railroads and Bridges

Miscellaneous

724. Rents
725. Joint Expenses—Dr.
726. Joint Expenses—Cr.

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

C. Electric Generation—Internal Combustion Engine Power

Operation

727. Operation Supervision and Engineering
728. Station Labor
(Combines Class A Accounts)
728.1 Engine Labor
728.2 Electric Labor
728.3 Miscellaneous Station Labor
729. Engine Fuel
730. Supplies and Expenses
(Combines Class A Accounts)
730.1 Water
730.2 Lubricants
730.3 Station Supplies
730.4 Station Expenses

Maintenance

731. Maintenance Supervision and Engineering
732. Maintenance of Structures and Improvements
733. Maintenance of Fuel Holders, Producers, and Accessories
734. Maintenance of Generating and Electric Equipment
(Combines Class A Accounts)
734.1 Maintenance of Engines
734.2 Maintenance of Generators
734.3 Maintenance of Accessory Electric Equipment
734.4 Maintenance of Miscellaneous Power Plant Equipment

Miscellaneous

735. Rents
736. Joint Expenses—Dr.
737. Joint Expenses—Cr.

D. Other Production Expenses and Credits

738. Purchased Power
739. Interchange Power
740. Other Expenses
741. Joint Expenses—Dr.
742. Joint Expenses—Cr.

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

II. Transmission Expenses

Operation

743. Operation Supervision and Engineering
(Combines Class A Accounts)
743. Operation Supervision and Engineering
744. Load Dispatching Labor and Expenses

745. Operation of Stations
(Combines Class A Accounts)
745.1 Station Labor
745.2 Station Supplies and Expenses

746. Operation of Lines
(Combines Class A Accounts)
746.1 Overhead Lines
746.2 Underground Lines

Maintenance

747. Maintenance Supervision and Engineering
748. Maintenance of Structures and Improvements
749. Maintenance of Station Equipment
750. Maintenance of Lines
(Combines Class A Accounts)
750.1 Maintenance of Towers and Fixtures
750.2 Maintenance of Poles and Fixtures
750.3 Maintenance of Conductors and Devices
751.1 Maintenance of Conduit
751.2 Maintenance of Conductors and Devices
752. Maintenance of Roads and Trails

Miscellaneous

753. Rents
754. Joint Expenses—Dr.
755. Joint Expenses—Cr.

III. Distribution Expenses

Operation

757. Operation Supervision and Office Expenses
(Combines Class A Accounts)
756. Operation Supervision and Engineering
757. Load Dispatching Labor and Expenses
758.1 Distribution Maps and Records
758.2 Other Distribution Office Expenses

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

760. Operation of Stations
(Combines Class A Accounts)
759.1 Station Labor
759.2 Station Supplies and Expenses
760.1 Storage Battery Labor
760.2 Storage Battery Supplies and Expenses

761. Operation of Lines
(Combines Class A Accounts)
761.1 Overhead Lines
761.2 Underground Lines
761.3 Removing and Resetting Line Transformers

762. Services on Customers' Premises
(Combines Class A Accounts)
762.1 Removing and Resetting Meters
762.2 Other Services on Customers' Premises

763. Operation of Street Lighting and Signal Systems
(Combines Class A Accounts)
763.1 Overhead Systems
763.2 Underground Systems

Maintenance

764. Maintenance Supervision and Engineering
765. Maintenance of Structures and Improvements
766. Maintenance of Station Equipment
767. Maintenance of Storage Battery Equipment
768. Maintenance of Overhead System
(Combines Class A Accounts)
768.1 Maintenance of Poles, Towers and Fixtures
768.2 Maintenance of Conductors and Devices
769. Maintenance of Underground System
(Combines Class A Accounts)
769.1 Maintenance of Conduit
769.2 Maintenance of Conductors and Devices
770. Maintenance of Line Transformers and Devices
771. Maintenance of Services
772. Maintenance of Meters

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

773. Maintenance of Installations and Leased Property on Customers' Premises
(Combines Class A Accounts)
773. Maintenance of Installations on Customers' Premises
774. Maintenance of Leased Property on Customers' Premises
775. Maintenance of Street Lighting and Signal Systems
Miscellaneous
776. Rents
777. Joint Expenses—Dr.
778. Joint Expenses—Cr.

IV. Customers' Accounting and Collecting Expenses

780. Meter Reading, Accounting, and Collecting
(Combines Class A Accounts)
779. Supervision
780.1 Customers' Contracts and Orders
780.2 Credit Investigations and Records
780.3 Meter Reading
780.4 Collecting
781. Customers' Billing and Accounting
782. Miscellaneous Expenses
783. Uncollectible Accounts
784. Rents

V. Sales Promotion Expenses

786. Salaries and Commissions
(Combines Class A Accounts)
785. Supervision
786. Salaries and Commissions
787. Demonstrations, Advertising and Other Sales Expense
(Combines Class A Accounts)
787.1 Demonstrations
787.2 Advertising
787.3 Miscellaneous Sales Expenses
788. Rents

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

VI. Administrative and General Expenses

790. General Office Salaries
(Combines Class A Accounts)
790. Salaries of General Officers and Executives
791. Other General Office Salaries

793. General Office and Miscellaneous Expenses
(Combines Class A Accounts)
792.1 Expenses of General Officers
792.2 Expenses of General Office Employees
793.1 General Office Supplies and Expenses
793.2 Operation of Communication System

794. Management and Supervision Fees and Expenses

795. Special Services

796. Legal Services

797. Regulatory Commission Expenses

798. Insurance

799. Injuries and Damages

800. Employees' Welfare Expenses and Pensions
(Combines Class A Accounts)
800.1 Employees' Welfare Expenses
800.2 Pensions

801. Other General Expenses

802. Maintenance of General Property
(Combines Class A Accounts)
802.1 Maintenance of Structures and Improvements
802.2 Maintenance of Office Furniture and Equipment
802.3 Maintenance of Communication Equipment
802.4 Maintenance of Miscellaneous Property.

803. General Rents

804. Commissions Paid Under Agency Sales Contracts

805. Franchise Requirements

806. Duplicate Miscellaneous Charges—Cr.

807. Administration and General Expenses Transferred—Cr.

808. Joint Expenses—Dr.

809. Joint Expenses—Cr.

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

CLEARING ACCOUNTS

901. Charges by Affiliated Interests—Clearing.
902. Stores Expenses—Clearing.
903. Transportation Expenses—Clearing.
904. Laboratory Expenses—Clearing.
905. Shop Expenses—Clearing.
906. Tools and Work Equipment Expense—Clearing.

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

MERCHANDISING ACCOUNTS

I. Merchandise Sales

950.1 Revenue from Merchandise Cash and Charge Sales
950.2 Revenue from Merchandise Deferred Payment Sales
950.3 Revenue from Installations
950.4 Cash and Employees' Discounts—Debit
950.5 Merchandise Returns and Allowances—Debit

II. Cost of Merchandise Sales

951.1 Cost of Merchandise Sold
951.2 Merchandise Returned—Credit
951.3 Cost of Reconditioning Merchandise
951.4 Purchase and Storeroom Expense
951.5 Purchase Discounts—Credit
951.6 Delivery Expenses to Customers' Premises
951.7 Cost of Installations
951.8 Cost of Merchandise Installations Included in Sales Price
951.9 Cost of Servicing Guaranteed Appliances.

III. Selling and Sales Promotion Expense

952.1 Salaries and Commissions
(Combines Class A Accounts)
952.1 Supervision
952.2 Salaries and Commissions
952.3 Demonstrations, Advertising and Other Sales Expense
(Combines Class A Accounts)
952.3 Demonstrations
952.4 Advertising
952.5 Miscellaneous Sales Expense

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

IV. Merchandising-Customers' Accounting and Collecting Expenses

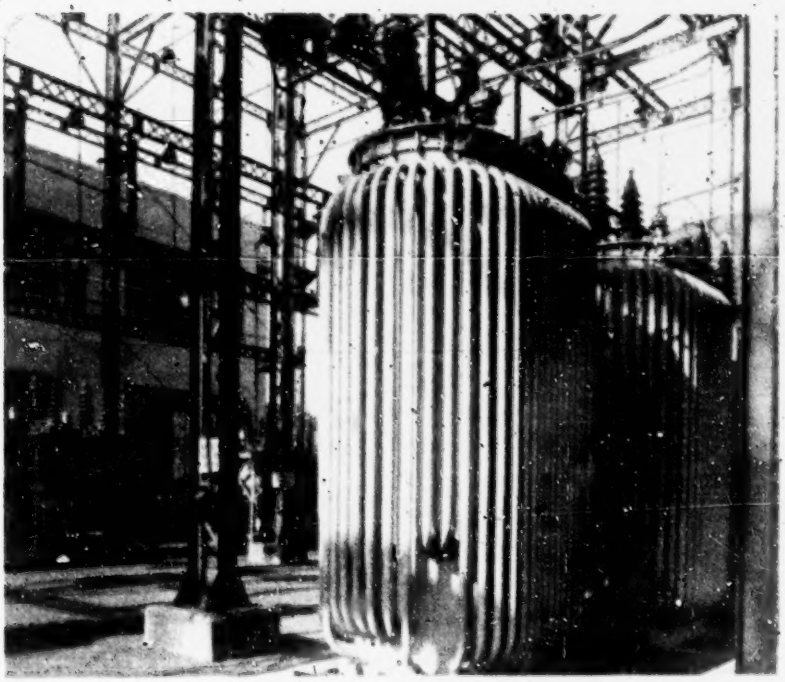
953.1 Customers' Contracts, Credit Investigations, Billing, Accounting and Collecting
(Combines Class A Accounts)
953.1 Supervision
953.2 Customers' Contracts, Credit Investigations, Records, Orders, Billing, Accounting and Collecting
953.3 Miscellaneous Expense
953.4 Uncollectible Accounts

V. Administrative and General Expenses

954.1 Salaries and Expenses of General Officers, Executives and Other General or Divisional Office Employees
954.2 General Office Supplies and Expenses
954.3 Management and Supervision Fees and Expenses
954.4 Legal Services
954.5 Insurance
954.6 Injuries and Damages
954.7 Employees' Welfare Expenses
954.8 Miscellaneous General Expenses
954.9 Maintenance of General Property
955 Rents
956 Taxes
957 Depreciation Expense

Note: Unless otherwise noted, the accounts shown above for Class C electric utilities are the accounts prescribed herein for Class A electric utilities.

Northwestern Electric Company



66,000–11,000-volt transformers at the Company's Albina substation, Portland. The transformers shown were installed in 1938 to increase the station's capacity from 12,000 kva to 18,000 kva.

Annual Report

1938

BOARD OF DIRECTORS

WALTER S. BABSON	Portland, Oregon	JOHN A. LAING	Portland, Oregon
ARTHUR L. ELLIS	Portland, Oregon	L. T. MERWIN	Portland, Oregon
	C. W. PLATT	Portland, Oregon	

L. T. MERWIN
President and General Manager

JOHN A. LAING
Vice-President

C. W. PLATT
Secretary and Treasurer

R. W. LAWLOR
Assistant Secretary and Assistant Treasurer

TRANSFER AGENT
(for Preferred Stocks)
THE FIRST NATIONAL BANK OF PORTLAND
Portland, Oregon

REGISTRAR
(for Preferred Stocks)
THE UNITED STATES NATIONAL BANK OF PORTLAND
Portland, Oregon

TO THE STOCKHOLDERS OF

NORTHWESTERN ELECTRIC COMPANY

A statement of income of the Company for 1938 as compared with 1937 was as follows:

	1938	1937
Operating Revenues	$4,350,966	$4,605,690
Operating Revenue Deductions		
Operating Expenses, excluding Taxes	$2,062,649	$2,240,592
Taxes	781,153	726,878
Amortization of Limited-Term Investments	25	68
Property Retirement Reserve Appropriations	500,000	000
Total Operating Revenue Deductions	$3,093,825	$ 227,920
Net Operating Revenues	$1,257,141	$1,377,770
Rent for Lease of Plant	209,545	206,957
Operating Income	$1,027,596	$1,170,813
Other Income	663	441
Gross Income	$1,028,259	$1,170,375
Interest on Mortgage Bonds	$ 336,918	$ 358,260
Other Interest and Deductions	230,018	203,997
Interest Charged to Construction—Credit	257	203
Total Income Deductions	$ 566,679	$ 562,054
Net Income	$ 461,580	$ 608,318
*Net Debit		

Operating Revenues

The decrease in operating revenues experienced by the Company in 1938 was due to the generally lower level of business activity in the territory served and also to non-recurring items to some extent. Results of the year's operations were, however, somewhat better than had been forecast.

Operating revenues for 1938 were down $274,724, or 6%, and net operating revenues were down $140,629, or 10%, as compared with the previous year. Net income after bond interest and other deductions was down $146,738, or 24%.

One important factor contributing to the revenue decrease was the rate reduction made in November, 1937, and referred to in last year's report. Cessation of the Bonneville construction load, which amounted to $101,971 in 1937 and only $10,417 in 1938, also had a substantial effect. A decrease of $146,950 in sales of temporary surplus energy, which were high in 1937 because of load and water conditions in the Pacific Northwest, likewise had an adverse effect on 1938 revenues as compared with the previous year.

Excluding from the comparison revenues derived from sales to Bonneville contractors, electric revenues from the Company's general business customers decreased only $25,237, or less than 1%. This indicates that some progress was made toward developing increased use of electricity to offset in part the effect of the rate reduction.

Steam heat revenues amounted to $362,036 in 1938, a decrease of $8,771, or 2%, below 1937. This was a natural variation since on a temperature basis the need for heat was 7% less in 1938 than in 1937.

Taxes Still Increasing

Although 1938 revenues decreased substantially, the Company's taxes charged to operations exceeded the high figure set in 1937, totaling $781,153, an increase of $54,280, or 7%, over the previous year. These taxes were equivalent to 17% of the Company's total operating revenues, and to about 97 cents for every dollar of operating payroll. Stated another way, these taxes were equal to $2.21 for every dollar of dividends paid for the year.

In last year's report, attention was called to the huge amount paid by the Company in taxes since 1915, the total since that year exceeding $8,750,000. The accompanying chart on this page shows the trend of taxes since 1915.

It is worthy of comment that the Company carries this heavy tax load and at the same time sells electricity for residential service at an average price 40% below the national average.

Operating Expenses

Operating expenses, other than taxes, declined $177,943, or 8%, in 1938. Most of this decrease was due to reduced power requirements. Water conditions at the Condit hydroelectric plant were more favorable than in the preceding year; thus permitting this plant to assume a greater portion of the Company's load. This, together with the fact that total energy generated by the Company was less than in 1937, caused a considerable decrease in the demand upon the Company's steam generating units with a resultant decrease in generation expense. Power purchased was also curtailed. Payroll charged to operations, amounting to $754,591 for the year, was up $22,615, or 3%, largely as a result of wage adjustments. Total payroll charged to operation, construction and other accounts was $939,063, or some $23,000 higher than in 1937. The average number of persons employed during the year was 472 as compared with 477 in 1937.

Preferred Dividends

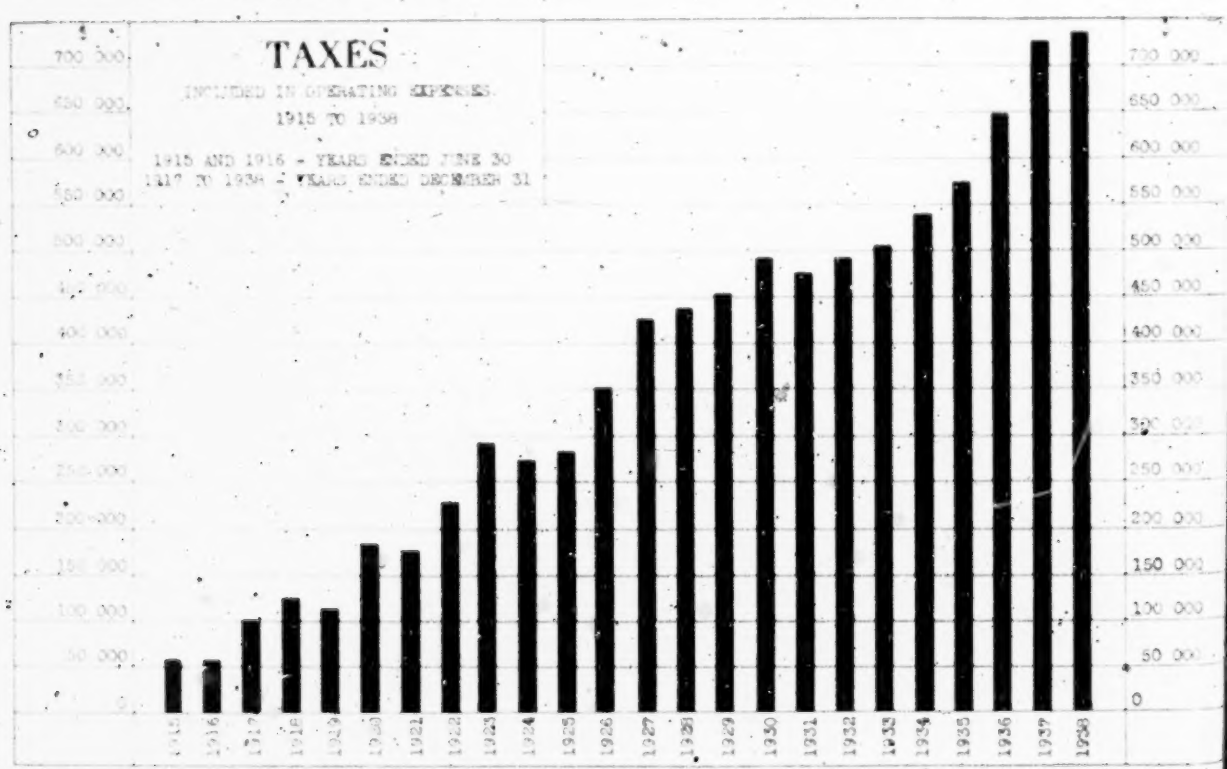
Four quarterly dividends at the regular rate of $1.75 a share, aggregating $350,288, were declared on the First Preferred Stock (7%) during 1938. The fourth of these dividends was paid on January 3, 1939. As of December 31, 1938, the total of undeclared cumulative dividends on the First Preferred Stock (7%) amounted to $21.87 per share and on the original Preferred Stock (6%) to $37.50 per share. No dividends can be paid on the latter stock until all undeclared cumulative dividends on the First Preferred (7%) have been provided for. Less than 650 shares of the original Preferred Stock (6%) are now outstanding. Holders of this stock may convert it to First Preferred (7%) at the rate of 9.10 shares of First Preferred (7%) for each share of original Preferred Stock (6%), without losing any rights with respect to the excess amount of deferred dividends accrued on the 6% stock.

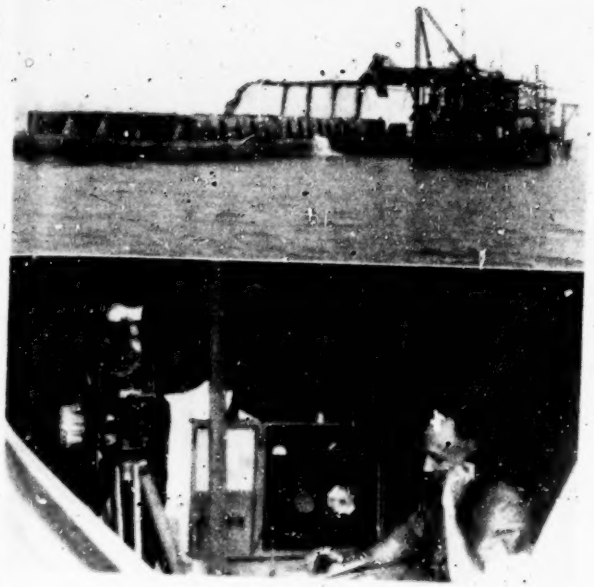
Bond Retirements

The Company's bond extension agreement requires that for every $3.00 paid in preferred stock dividends $1.00 must be paid into the sinking fund for retirement of extended bonds. This requirement for the sinking fund in 1938 amounted to $140,096, making a total sinking fund payment on that account of $330,099 since the bond extension agreement became effective in 1935.

Under the terms of the bond mortgage, the Company is also required to deposit $87,956 annually in a sinking fund for the retirement of the bonds, plus the interest on bonds held by the sinking fund. Such interest now approximates $180,000 a year.

Through the operation of these several provisions the Company's bonded indebtedness outstanding with the public has been reduced $1,284,700 since Ma





Two portable short-wave radio transmitting and receiving sets have been put into service by the Company to facilitate communication in time of emergency or when ordinary methods cannot be used. Above: Dredge working in the Columbia river adjacent to one of the Company's submarine cable crossings. Below: A transit on shore keeps check on the position of the dredge in relation to the cable, and the information is relayed by radio to another operator stationed in the dredge's plotting room.

of 1935. As of December 31, 1938, bonds outstanding with the public aggregated $5,371,900 as compared with $8,795,600 at one time outstanding. No dividends can be paid on common stock until all extended bonds have been retired or provided for and until full provision has been made for all undeclared cumulative dividends on preferred stock.

Energy Sales

Kilowatt-hour sales of energy to residential customers increased 5% in 1938 and sales to farm customers were up 11% over 1937. However, as a result of the rate reduction, revenue from these two classes of business was slightly less than in the previous year. On the average, residential customers received 8% more and farm customers 11% more kilowatt-hours in 1938 than they did in 1937 for approximately the same annual cost.

The average price received per kilowatt-hour for residential service in 1938 was 2.33 cents, a decrease of 5% from the 1937 average of 2.67 cents. Average annual use per residential customer for the year was 1,354 kilowatt-hours as compared with 1,308 kilowatt-hours for 1937. Comparison of the Company's 1938 average residential price and annual use with the national average is as follows:

	Kwh Price	Kwh Use
Northwestern Electric	2.33 cents	1,354 Kwh
National average	4.25 "	858 "

Kilowatt-hour sales to commercial and industrial customers were each down about 1% and revenues from these classes of business were down 2% and 8%, respectively. Government and municipal kilowatt-hour sales were up 12% and revenues from this business increased 7%.

Energy sales of 303,587,000 kilowatt-hours to general business customers (i. e., other than sales to other utilities) improved 1%. Total energy sales of 365,425,000, including sales to other utilities, were down 5%.

The average price received by the Company for all energy sold in 1938 was 1.08 cents as compared with 1.09 cents for the previous year.

Bonneville Power Purchases

In July, 1938, an agreement was made by the Company with the Bonneville Administrator to take a small block of energy from the federal project on a temporary and experimental basis approved by the Federal Power Commission. For this purpose, a connection was established between the Bonneville power house and the Company's 66,000 volt transmission line which follows the Columbia river from Condit to Vancouver, Washington.

One object in making the connection was to provide a practical test of taking energy from the Bonneville plant when operated in parallel with the interconnected electric systems serving the region. Some of the energy taken has been passing into the system of the Portland General Electric Company. No difficulties in this interconnected operation are reported by the Company's engineers, who have been cooperating with the Bonneville staff in the test. Under a subsequent agreement made in December, 1938, the Company will take a minimum of 2,500 kilowatts from Bonneville to December 31, 1939, or until such earlier date as the Federal government's Bonneville-Vancouver transmission line may be completed.

National recognition was gained by F. S. Beach, of the Company's engineering department, for designing this new line truck put into service in 1938. Of welded steel construction, it is 2,000 pounds lighter than the old-model trucks and cost substantially less to build. Safety and convenience features include a comfortable cab for the line crew.

Bonneville Transmission

A total of more than $17,000,000 was reported to have been appropriated and allocated to the Bonneville project during the current governmental fiscal year for construction of transmission lines in Oregon and Washington. Of this amount, $8,500,000 was appropriated by Congress, $10,750,000 was allocated by the Public Works Administration, and the remainder was allotted by the Works Progress Administration.

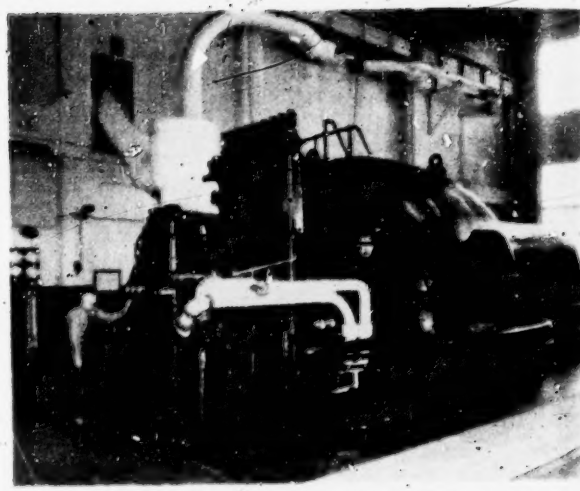
With the funds referred to above construction has been started by the Bonneville Administration upon an extensive transmission system to market Bonneville power, which will duplicate the existing transmission systems of your Company and other utilities serving the States of Oregon and Washington. The initial lines contemplated will extend from Bonneville westward to Vancouver, Washington, and thence south to Eugene, Oregon, and northwest to the Grays Harbor district, and from Bonneville northeastward to Grand Coulee.

Power District Activities

At the November, 1938, general election the voters approved the formation of public utility districts in Clark and Skamania counties, Washington. The Company operates throughout practically all of the settled area of Clark county and serves a small area in Skamania county. The stated intention of the utility districts is to acquire existing electric lines for the distribution of Bonneville power. At the time of writing no reliable prediction can be made as to what effect, if any, the formation of these districts will have on the Company's business in these counties.

General

The year 1938 presented many problems to the Company as a whole and to the individual members



20,000-kilowatt turbo-generator in the Company's La[illegible] street steam plant, Portland. Total installed capacity of the plant is 88,200 kilowatts.

of its organization, who have carried out their re[illegible] sponsibilities with intelligence and enthusiasm. The directors and officers of the Company wish to express their appreciation of the continued loyal and efficient efforts of the men and women who make up the Company's organization. The names of those in the regular employ of the Company on March 31, 1939, are listed on pages 11 to 15 of this report.

The balance sheet and statements of income and surplus accounts of the Company, together with certificate of certified public accountants, appears on pages 7 to 10 inclusive.

Respectfully submitted,

By Order of the Board of Directors,

I. T. MERWIN, *President*

Portland, Oregon,
April 15, 1939.

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

PITTOCK BLOCK
PORTLAND

Accountants' Certificate

NORTHWESTERN ELECTRIC COMPANY:

We have made an examination of the balance sheet of Northwestern Electric Company as of December 31, 1938 and of the related statement of income and earned surplus for the twelve months ended that date. In connection therewith, we examined or tested accounting records of the Company and other supporting evidence in a manner and to the extent which we considered appropriate in view of the system of internal accounting control. We have previously made similar examinations for the years 1932 to 1937, inclusive.

In our opinion, based upon such examination and subject to the adequacy of the Company's property retirement reserve appropriations, as to which we are not in a position to express an opinion, the accompanying balance sheet and related statement of income and earned surplus, with their footnotes, fairly present, in accordance with accepted principles of accounting consistently followed by the Company, its financial condition at December 31, 1938 and the results of its operations for the twelve months ended that date.

HASKINS & SELLS,
Certified Public Accountants.

Portland, Oregon,
February 3, 1939

Northwestern Electric Company

Statement of Income and Earned Surplus

For the Twelve Months Ended December 31, 1938

(Statement of income for the twelve months ended December 31, 1937, shown for comparative purposes)

Income

	Twelve Months Ended December 31 1938	1937
Operating Revenues	$4,330,966.39	$4,605,683.05
Operating Revenue Deductions:		
Operating expenses, including taxes	$2,793,802.12	$2,987,464.19
Amortization of limited term investments	22.92	455.35
Property retirement reserve appropriations	300,000.00	260,000.00
Total operating revenue deductions	$3,093,825.04	$3,247,919.54
Net Operating Revenues	$1,237,141.35	$1,357,770.11
Rent for Leases of Plant	209,544.56	206,956.34
Operating Income	$1,027,596.79	$1,150,813.37
Other Income	661.75	441.61
Gross Income	$1,028,258.54	$1,150,371.76
Interest on Mortgage Bonds	$ 336,918.97	$ 358,259.91
Other Interest and Deductions	230,017.40	203,997.32
Total	$ 566,936.37	$ 562,257.23
Less: Interest Charged to Construction	257.25	203.41
Net interest and other deductions	$ 566,678.52	$ 562,053.94
Net Income	$ 461,580.02	$ 608,317.82
Net deficit		

Summary of Earned Surplus

Earned surplus, January 1, 1938		$2,101,797.86
Add Miscellaneous Credits		100.00
Total		$2,101,897.86
Deduct:		
Premium and expense on funds purchased for sinking fund	$ 10,531.92	
Loss on sale of non-operating land	71.621	
Total		$2,152.35
Balance		$2,019,745.51
Add Net income for the Twelve Months Ended December 31, 1938		461,580.02
Total		$2,481,325.53
Deduct: Dividends on First Preferred Stock (5%)		330,288.00
Earned surplus, December 31, 1938		$2,151,037.53

Note

Because of the time required to collect and process revenue data, the figures shown for January 1938 and December 1937 are estimated. No provision has been made in the above statement for accrued cumulative dividends in arrears on the First Preferred Stock, amounting to $330,288.00 for the year 1938 and $330,288.00 for the year 1937. No dividends were declared on the First Preferred Stock during the year 1938. During the year 1938 dividends aggregating $7 per share were declared on the Second Preferred Stock, of which $5 per share was paid during the year and $2 per share on January 3, 1939. No provision has been made in the above statement for accrued cumulative dividends in arrears on the Second Preferred Stock, amounting to $315,000.00 for the year 1938 and $315,000.00 for the year 1937. $5 per share on the First Preferred Stock (5%) and $4.50 per share on the Second Preferred Stock (5%) were declared on December 21, 1938.

The Northwestern Electric Company Organization*

NAME	OCCUPATION	LOCATION
Aaron, B. H.	Assistant Engineer	Portland, Oregon
Abbott, Curtis	Meter Reader	Portland, Oregon
Acker, Otis	Serviceman	Vancouver, Washington
Adam, W. M.	Supervising Accountant	Portland, Oregon
Agnew, A. W.	Engineer's Clerk	Portland, Oregon
Ahola, Eino	Apprentice Lineman	Vancouver, Washington
Aitken, Frances M.	Stenographer	Portland, Oregon
Akeson, Karl A.	Garage Foreman	Portland, Oregon
Allison, R. B.	Operator	Vancouver, Washington
Allison, T. S.	Meterman	Portland, Oregon
Anderson, Fred A.	Salesman	Vancouver, Washington
Anderson, Laurence O.	Clerk	Portland, Oregon
Andrews, E. J.	Electrician	Portland, Oregon
Angell, A. W.	Purchasing Agent	Portland, Oregon
Anthon, Carl	Conveyorman	Portland, Oregon
Arnett, A. L.	Winch Operator	Portland, Oregon
Ashby, John W.	Home Service Advisor	Portland, Oregon
Ashley, John	Electrician's Helper	Portland, Oregon
Ballard, J. M.	Winch Operator	Portland, Oregon
Barlage, Jack B.	Truck Driver	Portland, Oregon
Barnett, Paul R.	Working Foreman	Vancouver, Washington
Bateman, Clarence E.	Oiler	Portland, Oregon
Beach, F. S.	Engineering Engineer	Portland, Oregon
Beall, J. W.	Operator & Oiler	Longview, Washington
Becker, M. T.	Serviceman	Vancouver, Washington
Bell, W. E.	Salesman	Portland, Oregon
Benson, H. M.	Lineman	Portland, Oregon
Bergey, Dyskin O.	Sales Engineer	Portland, Oregon
Bergstrom, S. R.	Operator	Vancouver, Washington
Bohning, C. E.	Meter Reader	Portland, Oregon
Bowlby, Ewing	Collector	Portland, Oregon
Billings, J. J.	Lineman	Vancouver, Washington
Blackmore, Morris	Service Supervisor	Portland, Oregon
Blanchard, Le Roy	Shift Engineer	Portland, Oregon
Boardman, R. L.	Meterman	Portland, Oregon
Boisvert, E. J.	Inspector	Portland, Oregon
Bokelman, A. H.	Headhousesman	Portland, Oregon
Bourke, W. D.	Oiler	Portland, Oregon
Bowers, Lucile	Stenographer	Portland, Oregon
Bowman, Paul G.	Outside Collector	Portland, Oregon
Boyer, Margaret	Advertising Department	Portland, Oregon
Boyer, W. E.	Sales Service	Portland, Oregon
Bostaans, A. E.	Lineman	Vancouver, Washington
Bradshaw, Harold	Apprentice Lineman	Portland, Oregon
Brake, Otis W.	Lead Dispatcher	Portland, Oregon
Bremmer, J. W.	Display Man	Portland, Oregon
Brice, Chris	Groundman	Rainier, Oregon
Britt, E. A.	Local Manager	Portland, Oregon
Brodie, D. E.	General Utility Man	Portland, Oregon
Brown, Jessie	Addressograph Operator	Vancouver, Washington
Brown, Willis H.	Salesman	Portland, Oregon
Brunn, Aubrey B.	Clerk	Portland, Oregon
Brown, E. C.	Clerk	Portland, Oregon
Brown, Leonard E.	Inspector	Portland, Oregon
Brown, Percy E.	Helper	Portland, Oregon
Bruhn, R. H.	Laborer	Portland, Oregon
Bryan, Rex J.	Electrician's Helper	Rainier, Oregon
Browning, Raeval	Janitor	Portland, Oregon
Buman, J. B.	Manager Residence & Range Sales	Vancouver, Washington
Burdick, R. L.	Meter Reader	Portland, Oregon
Burgard, C. N.	General Foreman	Portland, Oregon
Burgard, Ernest	Junior Sales Serviceman	Portland, Oregon
Burnside, Harry	Assistant to Secretary-Treasurer	Portland, Oregon
Burrows, Bert	Troublemen	Portland, Oregon
Burtenshaw, Ada M.	Stenographer	Portland, Oregon
Buzan, Mary	Machine Operator	Portland, Oregon
Caine, A. E.	Meter Reader	Camas, Washington
Cameron, W. D.	Electrician's Foreman	Portland, Oregon
Campbell, Leighton	Clerk	Kalama, Washington
Carlson, A. L.	Special Billing Clerk	Portland, Oregon
Carson, W. E.	Salesman	Portland, Oregon
Cass, L. L.	Supervisor	Portland, Oregon
Castano, C. E.	Helper	Portland, Oregon
Cassels, Geo. C.	Bill Deliverer	Portland, Oregon
Castle, Earl H.	Clerk	Portland, Oregon
Chandler, V. P.	Utility Clerk	Portland, Oregon
Chrysler, Ida	Cash Teller	Portland, Oregon
Clark, C. H.	Assistant Purchasing Agent	Vancouver, Washington
Clark, Douglas	Meter Reader	Portland, Oregon
Clark, S. B.	Superintendent Underground	Portland, Oregon
Clarke, Clara B.	Clerk	Camas, Washington
Clary, J. C.	Blacksmith	Portland, Oregon
Cleaves, A.	Foreman	Portland, Oregon
Coleman, M. J.	Operator	Portland, Oregon
Collins, L. F.	Utility Man	Portland, Oregon
Coltman, Gustav	Store Assistant	Portland, Oregon
Coltman, Thomas	Bill Deliverer	Portland, Oregon
Comer, Clyde C.	Laborer	Portland, Oregon

NAME	OCCUPATION	LOCATION
Combs, L. H.	Winch Operator	Portland, Oregon
Comtois, Madeleine M.	Clerk	Vancouver, Washington
Conway, H. A.	Credit Man	Portland, Oregon
Cook, E. S.	File Clerk	Portland, Oregon
Copeland, Lorraine E.	Home Service Advisor	Portland, Oregon
Cowgill, H. E.	Operator	Portland, Oregon
Cullaine, J. L.	Books Room Helper	Portland, Oregon
Cummings, F. E.	Inspector	Portland, Oregon
Curry, Clyde C.	Salesman	Camas, Washington
Dame, W. E.	Supervisor	Portland, Oregon
Daniels, B. L.	Lineman	Raleigh, Oregon
Davidson, Addie M.	Secretary	Portland, Oregon
De Bow, Emory	Books Room Helper	Portland, Oregon
De Bower, Evelyn	File Clerk	Portland, Oregon
Delaud, Henry	Steam Fitter	Portland, Oregon
Demers, D. C.	Shift Engineer	Portland, Oregon
Dennis, W. J.	Assistant General Manager	Portland, Oregon
Desler, Lloyd L.	Meter Reader	Vancouver, Washington
Desselius, Genevieve	Stenographer	Portland, Oregon
Dierdorff, John	Advertising Supervisor	Portland, Oregon
Dillon, Nell	Billing Machine Operator	Portland, Oregon
Dippel, Howard E.	Location File Clerk	Portland, Oregon
Donahue, R. E.	Operator	Vancouver, Washington
Doran, A. M.	Engineer	Portland, Oregon
Dorn, M. D.	Assistant Superintendent	Portland, Oregon
Dunaway, E. E.	Foreman	Portland, Oregon
Dunn, Carroll N.	Laborer	Vancouver, Washington
Durkheimer, K. R.	Special Billing Clerk	Portland, Oregon
Eaton, Glenn	Fireman	Portland, Oregon
Elkins, L. F.	Electrician	Portland, Oregon
Elliott, Douglas F.	Clerk	Portland, Oregon
Ellis, J. D.	Engineer	Portland, Oregon
Ellis, Rolf A.	Meterman	Portland, Oregon
Elliot, Mildred	Home Economist	Portland, Oregon
Evans, L. M.	Operator	Portland, Oregon
Ericksen, John W.	Clerk	Longview, Washington
Evans, Clarence C.	Troublesman	Portland, Oregon
Fabrider, Anna	Stenographer	Portland, Oregon
Faville, R. W.	Sales Engineer	Portland, Oregon
Fell, Clarke	Stenographer	Portland, Oregon
Feisman, Walter	Lineman	Portland, Oregon
Ferrell, D. R.	Clerk	Camas, Washington
Fetters, Howard E.	Collector	Portland, Oregon
Fisher, Clifford A.	Cable Splicer's Helper	Portland, Oregon
Flaherty, D. F.	Shift Engineer	Portland, Oregon
Flanner, Eugenia	Station Serviceman's Helper	Portland, Oregon
Flynn, H. L.	Supervisor	Portland, Oregon
Forrest, R. F.	District Foreman	Portland, Oregon
Fountain, E. R.	Sales Service	Vancouver, Washington
Francis, J. D.	Assistant Superintendent	Portland, Oregon
Fraser, W. F.	Lineman	Portland, Oregon
Freeland, Frank	Load Dispatcher	Portland, Oregon
Fuller, John H.	Operator	Portland, Oregon
Fuller, Raymond V.	Station Serviceman	Portland, Oregon
Furle, A. J.	Janitor	Vancouver, Washington
Gaddehill, Ryan	Assistant Rate Engineer	Portland, Oregon
Galloway, E. P.	Load Dispatcher	Portland, Oregon
Garnett, Jack	Lineman	Portland, Oregon
Garrett, W. A.	Meterman	Portland, Oregon
Gatchell, Lois May	Janitress	Camas, Washington
Gay, I. H.	Salesman	Vancouver, Washington
Geiger, G. E.	Meter Reader	Portland, Oregon
Giddings, A. S.	Fireman	Portland, Oregon
Gilbert, W. T.	Truck Driver	Vancouver, Washington
Gloin, M. S.	Sales Engineer	Portland, Oregon
Glenz, H. A.	Groundman	Portland, Oregon
Gosling, John	Helper	Portland, Oregon
Goldberry, Virgil	Salesman	Portland, Oregon
Goodell, Eugene D.	Helper	Portland, Oregon
Goodman, Jay J.	Chief Clerk	Portland, Oregon
Goodspeed, O. F.	Winch Operator	Portland, Oregon
Gotthalt, George	General Storekeeper	Portland, Oregon
Goode, Elsie I.	Bookkeeper	Vancouver, Washington
Grafel, Carolyn	Stenographer	Portland, Oregon
Green, Clay	Meter Reader	Vancouver, Washington
Greiman, H. E.	Car Washer	Portland, Oregon
Grove, F. L.	Groundman	Portland, Oregon
Griffith, Lewis	Meter Reader	Woodland, Washington
Grotte, Fred S.	Service Application Clerk	Portland, Oregon
Gustafson, C. D.	Books Room Helper	Portland, Oregon
Haddox, M. A.	Mail Clerk	Portland, Oregon
Hagar, R. C.	Troublesman	Portland, Oregon
Haines, C. M.	Service Clerk	Vancouver, Washington
Halfpenny, Arthur F.	Helper	Portland, Oregon
Hall, Ernie	Home Service Advisor	Portland, Oregon
Halliday, Gregory	Inspector	Portland, Oregon
Halvorson, Doris	Accountant Clerk	Portland, Oregon
Hamilton, R. J.	Meterman	Portland, Oregon
Hamilton, Wm. A.	Steam Fitter	Portland, Oregon
Hansen, Otto	Accountant Clerk	Portland, Oregon
Hansen, R. J.	Shift Engineer	Portland, Oregon
Hardwick, Ewell	Meter Reader	Raleigh, Oregon
Harris, A. J.	Janitor	Portland, Oregon
Harris, John B.	Book Clerk	Portland, Oregon
Harwood, J. P.	Lineman	Portland, Oregon

NAME	OCCUPATION	LOCATION
Hartsock, F. L.	Meterman	Vancouver, Washington
Harvey, C. B.	Shift Engineer	Portland, Oregon
Haywood, C. I.	Inventory Clerk	Portland, Oregon
Heath, Russell J.	Boiler Room Helper	Portland, Oregon
Hegeberg, Irene E.	Stenographer	Portland, Oregon
Heinrich, Margaret	Stenographer	Portland, Oregon
Heiber, Frederick E.	Inspector	Portland, Oregon
Hendersen, Jim	Conveyorman	Portland, Oregon
Henderson, L. R.	Meterman	Portland, Oregon
Hestin, Eugenie J.	Typist	Portland, Oregon
Hiatt, D. L.	Superintendent Lane Department	Portland, Oregon
Hills, G. M.	Cost Analyst	Portland, Oregon
Hodgson, J. M.	Shift Engineer	Portland, Oregon
Hollenbeck, Arlene	Stenographer	Portland, Oregon
Holmberg, Walter	Troubleman	Rainier, Oregon
Holmberg, Walter	Lineman	Kalama, Washington
Holmes, William A.	Truck Driver	Portland, Oregon
Holt, E. W.	Patrolman	Portland, Oregon
Hood, Kenneth S.	Sales Supervisor	Vancouver, Washington
Hook, Vahre	District Engineer	Vancouver, Washington
Hooper, J. A.	Assistant Superintendent	Portland, Oregon
Hoyt, D. A.	Superintendent of Overhead Distribution	Portland, Oregon
Huffman, C. A.	Special Ruling Clerk	Portland, Oregon
Hufschild, Albert	Dockman	Portland, Oregon
Howell, W. C.	Dockman	Portland, Oregon
Hurd, Owen W.	Meterman	Portland, Oregon
Hurley, Tim	Steam Fitter's Helper	Portland, Oregon
Hutto, George E.	Load Dispatcher	Portland, Oregon
Inman, P. E.	Utility Man	Portland, Oregon
Jacobs, F. J.	Operator	Portland, Oregon
Jahnke, Herman	Lineman	Vancouver, Washington
James, F. F.	Collector	Vancouver, Washington
Jensen, O. I.	Fireman	Portland, Oregon
Jobling, J. R.	Auto Mechanic	Vancouver, Washington
Johnson, Frank	Oiler	Underwood, Washington
Johnson, M. L.	Auto Mechanic	Portland, Oregon
Jones, Alfred D.	Auto Mechanic	Portland, Oregon
Jones, A. W.	Local Manager	Camas, Washington
Jones, John W.	Groundman	Portland, Oregon
Jones, Webster A.	Advertising Department	Portland, Oregon
Judd, H. W.	Fireman	Portland, Oregon
Judd, L. J.	Lineman	Portland, Oregon
Karafotias, James	Clerk	Portland, Oregon
Kaufman, E. A.	Hoist Engineer	Portland, Oregon
Kelly, Patrick C.	Groundman	Vancouver, Washington
Kennedy, J. B.	Superintendent Inspection Department	Portland, Oregon
Kennett, Paul E.	Maintenanceman	Portland, Oregon
Kettenman, G. F.	Accountant	Portland, Oregon
Kiguchi, J. F., Jr.	Serviceman	Vancouver, Washington
King, C. W.	Headhousekeeper	Portland, Oregon
King, Lyle C.	Cableplicer	Portland, Oregon
Kirlin, P. H.	Boiler Serviceman	Portland, Oregon
Kistler, L. H.	Superintendent Service & Meter Departments	Portland, Oregon
Klingbeil, Arthur	Truck Driver	Portland, Oregon
Klontz, John	Night Watchman	Portland, Oregon
Knight, J. M.	Lineman	Portland, Oregon
Knudsen, Alvin O.	Clerk	Portland, Oregon
Kreps, George	Operator	Underwood, Washington
Kruger, Robert	Lineman	Portland, Oregon
Kruger, A. A.	Troubleman	Portland, Oregon
Kuhn, R. O.	Helper	Portland, Oregon
Kurtz, W. W.	Service Supervisor	Portland, Oregon
Lack, A. H.	Fireman	Portland, Oregon
Lackey, J. H.	Service Supervisor	Portland, Oregon
Lamb, C. R.	Meter Tester	Vancouver, Washington
Lamb, D. P.	Claim Agent	Portland, Oregon
Landwerk, C. I.	Insurance Clerk	Portland, Oregon
Larking, Edward C.	Clerk	Portland, Oregon
La Shee, H. P.	Fireman	Portland, Oregon
Lassiter, R. W.	Assistant Treasurer	Portland, Oregon
Lawrence, E. H.	Clerk	Portland, Oregon
Leach, Arthur D.	Superintendent Steam Heat Department	Portland, Oregon
Leedom, D. V.	Inspector	Portland, Oregon
Le Fever, O. I.	General Superintendent	Portland, Oregon
Leslie, R. A.	Clerk	Portland, Oregon
Leslie, Virginia A.	Stenographer	Portland, Oregon
Le Vasseur, H. J.	Salesman	Portland, Oregon
Levin, F. W.	Stenographer	Vancouver, Washington
Lewton, Joyce	Complaintman Operator	Portland, Oregon
Liedtke, J. H.	Home Service Advisor	Portland, Oregon
Linkous, Gene	Fireman	Portland, Oregon
Livingstone, Harry	Lineman	Portland, Oregon
Loeffel, John	Oiler & Maintenanceman	Underwood, Washington
Looney, Tim	Lineman	Portland, Oregon
Lorenz, O. N.	Serviceman	Vancouver, Washington
Love, Robert H.	Messenger	Portland, Oregon
Lyn, George	Steam Fitter	Portland, Oregon
Lyon, G. R.	Boiler Room Helper	Portland, Oregon
Maiocumba, Anthony	Utility Man	Portland, Oregon
Mallach, Lawrence W.	Helper	Portland, Oregon
Mangold, A. O.	Assistant Engineer	Portland, Oregon
Martin, Thos. O.	Station Serviceman	Portland, Oregon
Mason, Elwood A.	Clerk	Portland, Oregon
Martin, Kenneth I.	Clerk	Portland, Oregon
Matthiesen, Emil	Clerk	Rainier, Oregon

NAME	OCCUPATION	LOCATION
Mattracers, F	Carpenter	Portland, Oregon
Maurin, Ida	Clerk	Rainier, Oregon
Maxwell, G. F.	Troubleman	Portland, Oregon
Maxwell, Winifred	Stenographer	Portland, Oregon
McAuley, Ray S.	Meter Reader	Portland, Oregon
McAuley, T. L.	Clerk	Portland, Oregon
McCoy, Robert E.	Clerk	Portland, Oregon
McCurrach, D. F.	Rate Engineer	Portland, Oregon
McGee, N. W.	Truck Driver	Portland, Oregon
McKee, Edward R.	Troubleman	Portland, Oregon
McKee, George A.	Truck Driver	Portland, Oregon
McLean, Corbett	Assistant Engineer	Portland, Oregon
McLeod, Norman	Other	Underwood, Washington
McNeil, W. A.	Boiler Room Helper	Portland, Oregon
Mead, Desmond	Salesman	Portland, Oregon
Mears, Clark C.	Salesman	Portland, Oregon
Meeklem, K. R.	Relief Engineer	Portland, Oregon
Meihoff, A. D.	Distribution Engineer	Portland, Oregon
Mendenhall, Neva	Posting Clerk	Portland, Oregon
Merson, L. T.	President	Portland, Oregon
Michels, Frank B.	Lead Dispatcher	Portland, Oregon
Michels, Jos.	Electrician's Helper	Portland, Oregon
Mikkola, Varma	Stenographer	Portland, Oregon
Mikels, Maynard S.	Shipping Clerk	Portland, Oregon
Miller, F. I.	Distribution Engineer	Portland, Oregon
Mills, E. G.	Auto Mechanic	Vancouver, Washington
Miltenberger, W. F.	Wireman	Portland, Oregon
Mimmics, Florence	Stenographer	Portland, Oregon
Mourard, Abe	Local Manager	Kalama, Washington
Moffatt, H. C.	Lineman	Portland, Oregon
Mofford, Fred	Troubleman	Portland, Oregon
Moon, Wm.	Groundman	Vancouver, Washington
Moore, C. B.	Fireman	Portland, Oregon
Moore, Harold W.	Service Supervisor	Portland, Oregon
Murphey, L. A.	Superintendent of Stations	Portland, Oregon
Murphy, D. Harold	Bill Delivery	Portland, Oregon
Murrell, R. K.	Order Clerk	Portland, Oregon
Neill, Will T.	Rate Department Supervisor	Portland, Oregon
Nelson, Elmer E.	Meterman	Portland, Oregon
Nelson, W. I.	Clerk	Portland, Oregon
Newman, Arnold	Groundman	Vancouver, Washington
Newton, A. J.	Operator	Portland, Oregon
O'Connor, Dora	Cashier	Vancouver, Washington
Olsen, R. B.	Service Supervisor	Portland, Oregon
Opel, P. G.	Lineman	Portland, Oregon
Ommens, L. E.	Clerk	Portland, Oregon
Overbaugh, E. W.	Truck Driver & Oiler	Underwood, Washington
Owen, R. L.	Laborer & Groundman	Vancouver, Washington
Palmer, Ruth	Stenographer	Portland, Oregon
Parker, M. C.	Designing Engineer	Portland, Oregon
Pearce, A. L.	Operator	Underwood, Washington
Pearson, E. F.	Assistant to President	Portland, Oregon
Pedersen, Floyd	Accountant	Portland, Oregon
Pelkey, J. J.	Headlineman	Portland, Oregon
Pellatt, E. E.	Boiler Room Helper	Portland, Oregon
Perkins, L. D.	Inspector	Portland, Oregon
Perrin, F. V.	Engineer	Portland, Oregon
Perry, M. J.	Clerk	Portland, Oregon
Perry, Tom	Assistant General Superintendent	Portland, Oregon
Peterson, Fred	Dispatcher	Portland, Oregon
Peterson, L. A.	Sales Engineer	Portland, Oregon
Peterson, P. H.	Inspector	Portland, Oregon
Peterson, P. A.	Serviceman	North Bonneville, Washington
Peterson, J. E.	Carpenter's Helper	Portland, Oregon
Peterson, Verna H.	Telephone Attendant	North Bonneville, Washington
Phipps, Jos. A.	Engineer	Portland, Oregon
Platt, C. W.	Manager Sales Bureau	Portland, Oregon
Polley, E. F.	Secretary & Treasurer	Portland, Oregon
Powers, A. M.	Helper	Portland, Oregon
Powers, J. W.	Head Engineer	Portland, Oregon
Prahm, Donald W.	Station Serviceman	Portland, Oregon
Price, C. H.	Draftsman M.	Portland, Oregon
Proctor, Barbara	Relief Serviceman	Portland, Oregon
Proctor, Ray W.	Assist. Clerk	Vancouver, Washington
Pringle, Fred F.	Appraisal Engineer	Portland, Oregon
Pringle, Edward	Salesman	Vancouver, Washington
Pugh, A. E.	Head Engineer	Portland, Oregon
Quail, A. W.	Engineer	Portland, Oregon
Rasmussen, L. W.	Line Foreman	Portland, Oregon
Rayle, R. W.	Progress Clerk	Portland, Oregon
Ray, Alice	Typist	Portland, Oregon
Read, Harrell	Clerk	Portland, Oregon
Reed, Ola K.	Stenographer	Portland, Oregon
Regel, Kenneth	Collector & Groundman	Vancouver, Washington
Reis, Ella A.	Progress Clerk	Portland, Oregon
Reis, Ernest	Welchman	Portland, Oregon
Rimple, C. E.	Distribution Superintendent	Vancouver, Washington
Rizk, E. N.	Clerk	Portland, Oregon
Robinson, J. H.	Inspector	Portland, Oregon
Rockel, Edwin M.	Steam Fitter	Portland, Oregon
Rogers, Roland	Oiler	Portland, Oregon
Ross, Gerald N.	Steam Fitter	Portland, Oregon
Rossetti, Salvatore	Laborer	Portland, Oregon
Rowell, L. H.	Headlineman	Portland, Oregon

NAME	OCCUPATION	LOCATION
Sabbe, H. A.	Boiler Room Helper	Portland, Oregon
Scherer, A. M.	Salesman	Portland, Oregon
Schreiber, W. F.	Deckman	Portland, Oregon
Schreiner, Eunice	Stenographer	Portland, Oregon
Schroeder, Eva M.	Typist	Portland, Oregon
Scott, C. C.	Draftsman	Portland, Oregon
Scott, G. B.	Conveyorman	Portland, Oregon
Scotton, Wm.	Lineman	Portland, Oregon
Sefton, Lora S.	Comptometer Operator	Woodland, Washington
Selliken, C. F.	Wireman	Portland, Oregon
Serzeant, Harriette	Assistant Home Economist	Portland, Oregon
Sericko, John	Foreman	Portland, Oregon
Server, J. N.	Helper	Portland, Oregon
Sharp, James A.	Bookkeeper	Portland, Oregon
Sherrett, George P.	Salesman	Camas, Washington
Shobert, E. L.	Line Foreman	Portland, Oregon
Shoostrom, Lillian	Cash Teller	Vancouver, Washington
Siestar, Constance	Stenographer	Portland, Oregon
Simmons, Cecil	Fireman	Portland, Oregon
Simpson, Geo. R.	Gardener	Portland, Oregon
Simpson, Ralph	Service Supervisor	Portland, Oregon
Singrey, Earl J.	Meterman	Portland, Oregon
Sizemore, O. M.	Conveyorman	Portland, Oregon
Sly, Jay A.	District Manager	Portland, Oregon
Smith, Dewey	Lineman	Vancouver, Washington
Smith, Harry O.	Boiler Room Helper	Vancouver, Washington
Snell, Roy A.	Troubleman	Portland, Oregon
Spaulding, L. R.	Meterman	Portland, Oregon
Squire, Eleanor E.	Stenographer	Portland, Oregon
Stadelman, L. M.	Carpenter	Portland, Oregon
Stansbery, C. E.	Collector	Portland, Oregon
Stanton, F. H.	Chief Clerk	Portland, Oregon
Stennett, K. L.	Oiler	Vancouver, Washington
Stephens, N. H.	Field Auditor	Portland, Oregon
Stocker, O. G.	Meterman	Portland, Oregon
Stockett, M. E.	Stenographer	Portland, Oregon
Suckow, F. E.	Groundman	Portland, Oregon
Suckow, F. W.	Patrolman	Camas, Washington
Sullivan, H. F.	Garage Superintendent	Stevenson, Washington
Sullivan, J. R.	Meter Reader	Portland, Oregon
Summerset, John	Sales Engineer	Portland, Oregon
Taylor, Lyle F.	Clerk	Portland, Oregon
Thompson, V. T.	General Bookkeeper	Portland, Oregon
Thorington, C. O.	Assistant Engineer	Portland, Oregon
Tracy, C. N.	Sub-Foreman	Portland, Oregon
Tupper, Armon	Troubleman	Portland, Oregon
Tyndall, Boyd L.	Operator	Portland, Oregon
Tyndall, C. L.	Superintendent	Vancouver, Washington
Vaeth, J. B.	Hoist Engineer	Undetermined, Washington
Vanstrom, Axel	Carpenter's Helper	Portland, Oregon
Vick, A. K.	Oiler	Portland, Oregon
Vivian, R. C.	Engineer	Undetermined, Washington
Von Pfau, J. Max	Engineer's Clerk	Portland, Oregon
Wagner, Geo. L.	Foreman	Portland, Oregon
Ward, Ray	Assistant Superintendent	Portland, Oregon
Ward, R.	Electrician	Portland, Oregon
Warnick, Everett L.	Home Service Advisor	Portland, Oregon
Watson, Harry A.	Station Serviceman's Helper	Portland, Oregon
Webster, J. Daniel	Salesman	Portland, Oregon
Weidmeyer, Allen D.	Secretary to President	Portland, Oregon
Wessel, H. L.	Cost Analyst	Portland, Oregon
Wesman, H. J.	Collector	Portland, Oregon
Wells, Margaret S.	Typist	Portland, Oregon
Wells, Robert E.	Clerk	Portland, Oregon
West, A. L.	Fireman	Portland, Oregon
West, Frank W.	Truck Driver	Vancouver, Washington
White, A. C.	Utility Man	Portland, Oregon
Whitlock, F. L.	Fireman	Portland, Oregon
Whitten, W. E.	Working Foreman	Camas, Washington
Williams, Cecil	Troubleman	Portland, Oregon
Wilson, Walter	Gardener	Undetermined, Washington
Wilkinson, D. A.	Bath Clerk	Portland, Oregon
Willette, J. S.	Utility Man	Portland, Oregon
Wines, Dean L.	Operator	Undetermined, Washington
Williams, J. E.	Conveyorman	Portland, Oregon
Wills, A. D.	Operator	Portland, Oregon
Wilson, Charles F.	Laborer	Vancouver, Washington
Wilson, Claud D.	Electrical	Portland, Oregon
Wilson, D. C.	Meter Reader	Portland, Oregon
Wilson, Frank	Utility Man	Portland, Oregon
Wilson, J. F.	Electrician	Portland, Oregon
Wilson, R. C.	Store Keeper	Vancouver, Washington
Witting, Geo. H.	Assistant General Manager	Portland, Oregon
Woehl, J. Earl	Salesman	Portland, Oregon
Wooldon, R. H.	Lineman	Portland, Oregon
Woolridge, C. E.	Meter Reader	Vancouver, Washington
Woolridge, A. W.	Inspector	Portland, Oregon
Worth, Ralph	Meterman	Portland, Oregon
Wright, Robert E.	Meter Reader	Vancouver, Washington
Wright, Ralph	Hoist Engineer	Portland, Oregon
Yarbrough, Wm.	Deckman	Portland, Oregon
Yeater, Chas. A.	Electrician's Working Foreman	Portland, Oregon
Young, Harry L. Jr.	Meterman	Portland, Oregon
Zanger, Chas. W.	Boiler Room Helper	Portland, Oregon

SERVICE AND PROPERTY

EXHIBIT 74

Northwestern Electric Company.

Switchboard, Lincoln Station, Portland

Annual Report

1939

BOARD OF DIRECTORS

Walter S. Barsos	Portland, Oregon	John A. Laing	Portland, Oregon
Arthur F. Fields	Portland, Oregon	L. T. Merwin	Portland, Oregon
	C. W. Platt	Portland, Oregon	

L. T. Merwin
President and General Manager

John A. Laing
Vice President

C. W. Platt
Secretary and Treasurer

R. W. Lawlor
Assistant Secretary and Assistant Treasurer

Transfer Agent
(for Preferred Stock)
The First National Bank of Portland
Portland, Oregon

Registrar
(for Preferred Stock)
The United States National Bank of Portland
Portland, Oregon

TO THE STOCKHOLDERS OF

NORTHWESTERN ELECTRIC COMPANY

Your Company is pleased to present herewith the report of its operations for 1939, containing balance sheet at the close of the year and statement of income and surplus accounts, as well as certificate of certified public accountants.

The Company's operating revenues for 1939 reflected a generally higher level of business activity in the territory served as compared with 1938. Partial returns from a wide cross-section of the local business field indicate moderate to substantial gains in every industry.

Principal features of the Company's operations during the past year as compared with 1938 include the following:

1. Total operating revenues were up $855,050, or 10%.
2. Net operating revenues rose $139,112, or 8%.
3. Electric sales totaled 182,425,000 kilowatt-hours, an increase of 11,000,000 kilowatt-hours, or 6%. More than 7,000,000 kilowatt-hours of this increase reflected larger sales to other utilities, principally sales of Bonneville power to Portland General Electric Company.
4. Electric customers increased 1,502, or 3%, to a total of 47,268 at the end of the year.
5. Average annual use of electricity per residential customer rose 69 kilowatt-hours to a total of 1,428 for the year, or almost 60% above the national average.
6. Average unit cost of electricity to residential customers dropped to a new low of 2.30 cents per kilowatt-hour, or 38% below the national average.
7. Rate reductions announced in 1939 and early in 1940 are estimated to save electric customers approximately $500,000 a year.
8. In October, 1939, the Company refinanced its 6% long-term debt with 4% mortgage bonds and 4½% debentures and reimbursed its treasury for expenditures made out of current earnings in recent years for additions to property.
9. All accumulated dividends in arrears on Preferred stocks were paid on December 1, 1939.

A statement of income of the Company for the year as compared with 1938 is as follows:

	1939	
Operating Revenues	$4,784,016	$4
Operating Revenue Deductions		
Operating Expenses, excluding Direct Taxes	$2,340,440	$2
Direct Taxes	767,290	
Amortization of Limited Term Investments	[illegible]	
Property Retirement Reserve Appropriations	300,000	
Total Operating Revenue Deductions	$3,407,763	$3
Net Operating Revenues	$1,376,253	$1
Rent for Lease of Plant	212,653	
Operating Income	$1,163,600	$1
Other Income (Net)	[illegible]	
Gross Income	$1,166,911	$1
Interest on Mortgage Bonds	$ [illegible]	$
Interest on Debentures	[illegible]	
Other Interest and Deductions	[illegible]	
Interest Charged to Construction—Credit	[illegible]	
Net Interest and Other Deductions	$ [illegible]	$
Net Income	$ [illegible]	$

Operating Revenues The increase in operating revenues amounted to $[illegible] or 10%, and net operating revenues were up $[illegible] or [illegible]% as compared with the previous year. Net income of $[illegible] was up $[illegible].

Electric revenues of the Company amounted to $[illegible], an increase of $[illegible] or [illegible]% over the previous year, reflecting an increase of [illegible] kilowatt-hours, or [illegible]% in energy sales for the year. Residential revenues were up [illegible]% for the year, commercial and industrial each [illegible]% and farm [illegible]%, accounting in the aggregate for some $[illegible] of the total improvement in electric revenues. Energy sales to other utilities, which fluctuate considerably from year to year, accounted for $[illegible] of the increase. Total sales to other utilities amounted to [illegible] kilowatt-hours, an increase of some [illegible] kilowatt-hours over 1938. A substantial portion of the sales to other utilities represented energy which was purchased by the Company during the year under a temporary agreement with the Administrator of the Bonneville Project of the Federal government for delivery into the system of Portland General Electric Company.

Steam revenues amounted to $[illegible], a decline of $[illegible] or [illegible]% from 1938. On a temperature basis, 1939 heating requirements in Portland were [illegible]% below normal and [illegible]% below the previous year.

Operating Taxes Taxes charged to operations re[illegible] new high of $[illegible], an inc[illegible] $[illegible] or [illegible]% over the previo[illegible] These taxes were equivalent to [illegible] cents of ex[illegible] lar received by the Company from the sale of [illegible] or to [illegible] cents for every dollar of operati[illegible] rolls. Stated another way, the Company's op[illegible] taxes for 1939 were equal to $[illegible] for every [illegible] of net income for the year.

The Company has paid more than $[illegible] taxes since 1915, an amount greater than its [illegible] funded debt. In franchise taxes alone, it has [illegible] total of nearly $1,500,000 to the City of Port[illegible] the past [illegible] years.

In spite of the tremendous tax load which th[illegible] pany carries, its rates compare creditably with [illegible] publicized and relatively tax exempt public sys[illegible] both the Pacific Northwest and TVA regions.

Operating Expenses Operating expenses other tha[illegible] were up $[illegible] or [illegible]% [illegible] paid with 1938. Of this i[illegible] some $[illegible] was due to the greater amount of [illegible] generated and $[illegible] was due to larger pa[illegible] of power, including purchases for resale to oth[illegible] ities.

Payroll charged to operations, amounting to

18% for the year, was up $42,598, or 5.6%. Total payroll, including construction, was $987,503.

The average number of persons employed by the Company in 1939 was 4[illegible]85 compared with 472 in the previous year.

Preferred Dividends Four quarterly dividends at the regular rate of $1.75 per share were declared on the First Preferred Stock (7%) during 1939. The fourth of these dividends was paid on January 2, 1940. One quarterly dividend at the regular rate of $1.50 per share was declared on the original Preferred Stock, (6%) and paid on January 2, 1940.

In addition, the Company was able to pay in full on December 1, 1939, deferred dividends which had accumulated on both classes of its preferred stock when earnings were reduced by the depression. After earnings had begun to recover from the depression levels the Company was unable to clear up the accumulated dividends because cash otherwise available for the purpose was depleted by sinking fund requirements arising under the agreement for the extension of the Company's bonds in 1938. The payment last December of all of the deferred dividends was made possible by the Company's successful refinancing program, referred to later in this report.

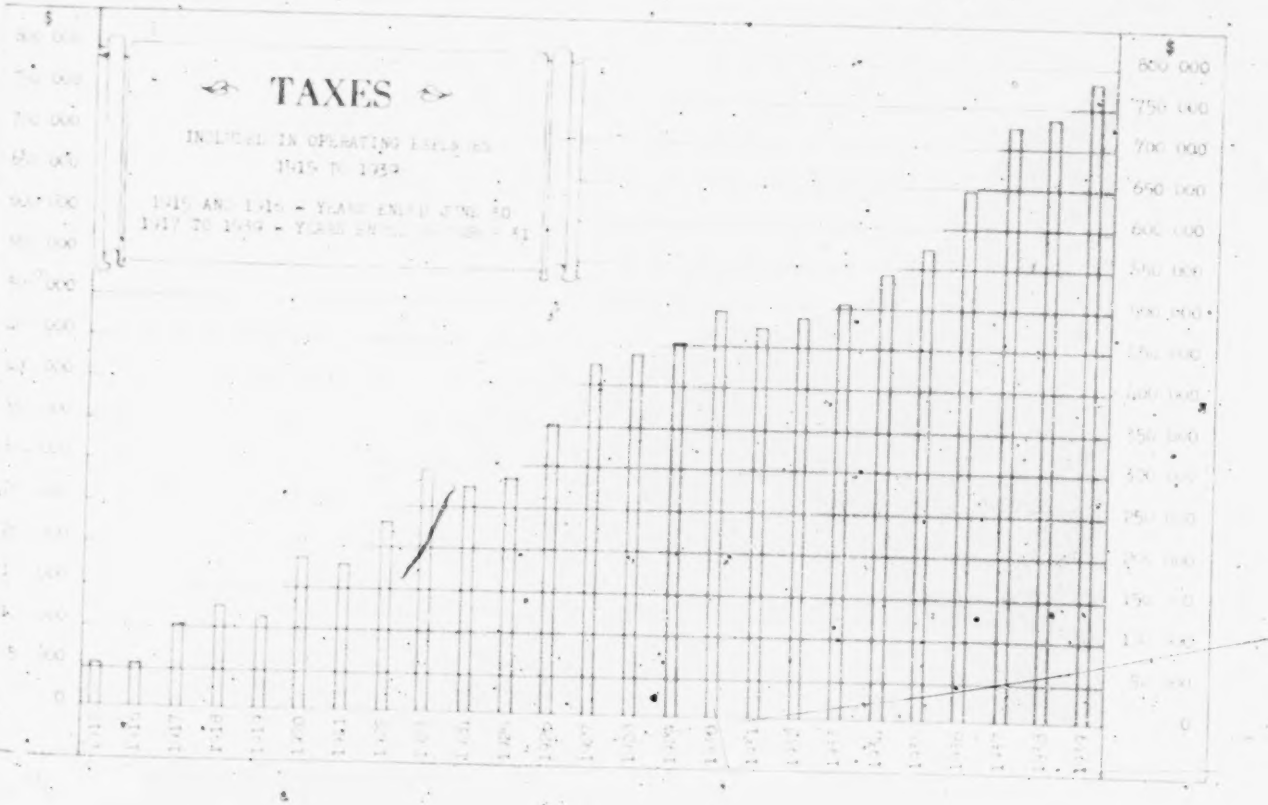
The dividend accumulation on the First Preferred Stock (7%) amounted to $2.187 per share, covering the period from October 1, 1932 to December 31, 1939. On the original Preferred Stock (6%) of which only 500 shares are presently outstanding the accumulation amounted to $4.62 per share, dating from October 1, 1932. This stock is subordinate to the First Preferred and no dividends could be paid on it so long as any accumulated dividends on the First Preferred remained unpaid.

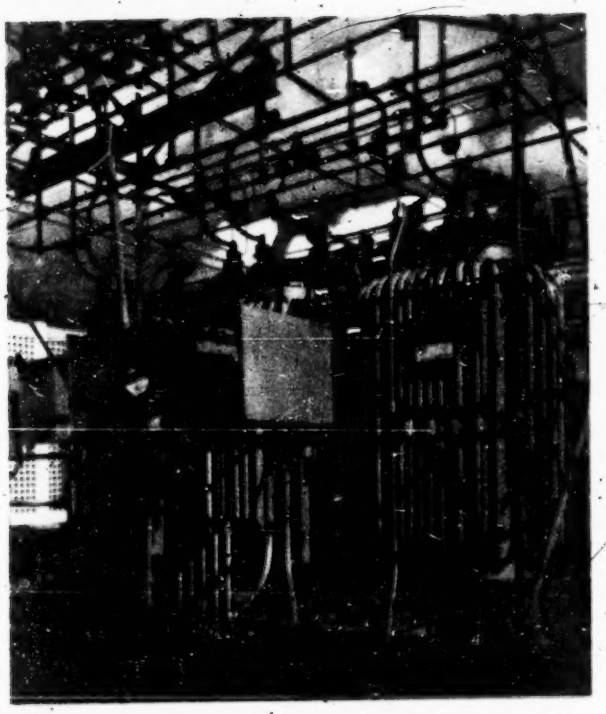
The total of Preferred Stock dividends declared during the year was $1,388,550.56, of which $1,057,161.81 represented the December 1, 1939, payment of accumulated dividends and $331,388.75 was for current dividends.

No dividends have been paid on the Company's Common Stock since 1931.

Refinancing of Debt In October, 1939, the Company completed the sale of $6,700,000 First Mortgage Bonds, 4% Series due 1969, to several insurance companies, and of $2,800,000 4½% Debentures due 1959 to American Power & Light Company. The proceeds from the sale of these securities were used to provide for the retirement of the Company's outstanding First Mortgage 6% Twenty Year, Sinking Fund Gold Bonds, to pay the indebtedness owed by the Company to American Power & Light Company for capital advances, and to reimburse the Company's treasury, in part, for expenditures previously made for extensions and betterments to the Company's facilities. These latter expenditures during the worst depression years necessarily took cash which in normal circumstances would have been available for dividends on the Preferred Stock.

In addition to the savings in interest, the refinancing affords to the Company some relief from the heavy drain imposed on its cash resources by the combined sinking fund requirements of its 1938 bond extension agreement and the terms of the mortgage under which the 6% Bonds had been issued. From





Transformer bank at one of the Company's outdoor type substations serving a Portland residential district

1985 to 1939 these requirements totaled more than $1,500,000.

The mortgage securing the new First Mortgage Bonds, 4% Series due 1969, requires the Company, beginning October 1, 1940, to retire each year 1% of the greatest principal amount of bonds of such series outstanding at any one time, or to waive its right to issue an equal principal amount of bonds and, in addition, to retire (beginning with the year 1950 and continuing until 1959) 1½% and thereafter 1% of the greatest principal amount of these bonds outstanding.

The 4½% Debentures due 1959, which are unsecured, are entitled to the benefit of a sinking fund requiring the Company to deposit $140,000 in cash annually with the trustee, beginning November 1, 1940, for the purpose of the redemption of debentures; as an alternative, the Company may deposit Debentures to be credited against the cash requirements at the cost thereof to the Company. The sinking fund is calculated to retire the entire issue by maturity.

One of the requirements of the order, issued by the Securities and Exchange Commission at the time of the sale of these new securities, was that so long as any of the First Mortgage 4% bonds and 4½% Debentures remain outstanding, the Company shall not pay any dividends on its preferred or common stock unless the amount expended or accrued for maintenance plus provisions for retirements during the period from October 1, 1939, to the date of the proposed payment shall equal fifteen per cent of gross operating revenues during such period as defined in the order, and in no event shall the Company pay dividends on its Common Stock except out of earnings accruing subsequent to September 1, 1939. Transfers to earned surplus of the Company from net income earned after September, 1939, over and above dividends and other disbursements may be used as a credit to offset any deficiency in the amount required to be expended or accrued for maintenance and repairs plus provisions for retirements.

Revenues, Sales and Customers Electric revenues received and kilowatt hour sales for the twelve months ended December 31, 1939 and the number of customers served by the Company at that date were as follows:

	Electric Revenue	Kilowatt Hour Sales	Electric Customers
Residential	$1,265,346	50,828,000	[illegible]
Commercial	1,216,760	55,446,000	[illegible]
Industrial	1,213,820	207,958,000	[illegible]
Farm	138,517	3,635,000	[illegible]
Government and Municipal	125,018	5,500,000	[illegible]
Public Utilities	445,615	159,052,000	[illegible]
Miscellaneous	30,080		
Total	$4,435,153	482,425,000	[illegible]

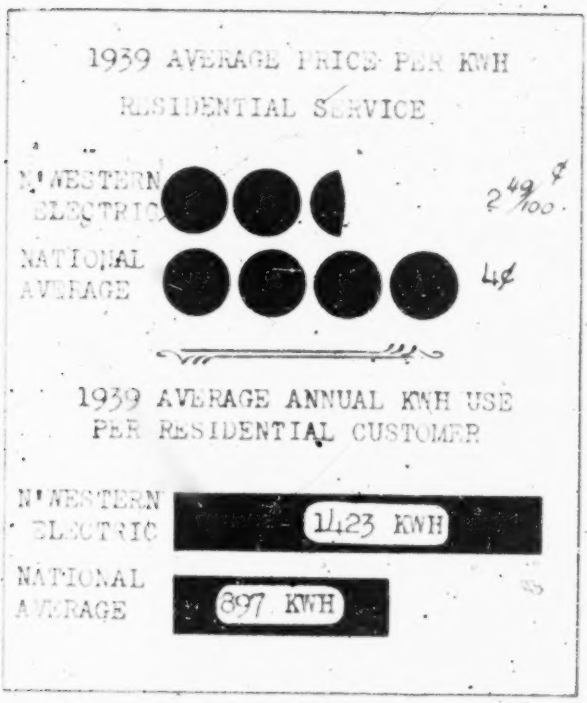
Revenues from the sale of steam amounted to $348,863.

Kilowatt hour sales to general customers were up 7%. The increase in kilowatt hour sales to residential customers was 8%. Commercial and industrial sales each increased 6%. The large amount of energy sold to other utilities in 1939 was principally responsible for the remainder of a 32% increase in total kilowatt hours sold.

The average amount received per customer for residential service for the year was $35.43, for which amount the Company provided an average of 1,4[illegible] kilowatt hours. This may be compared with the national average revenue of $35.88 per residential customer and the national average use of 807 kilowatt hours. In other words, the Company's customers received almost 60% more electricity for their money than the average user in the nation.

The average price received by the Company for residential service in 1939 was 2.49 cents per kilowatt hour as compared with 2.53 cents in 1938. The national average for 1939 was 4.00 cents.

Rate Reductions In accordance with an order of the Oregon Public Utilities Commissioner, the Company filed on December 15, 1939, a substantially reduced schedule of residential electric rates for the Portland area, effective January 1, 1940. Corresponding reductions were made for the Company's residential customers in the cities of Vancouver, Camas and Washougal, Washington, and a substantial reduction was also made



...ge rates for other communities and rural territory ...eeped. Including further modifications in these resi...ential and farm rates put into effect on March 15, ...940, savings to these classes of customers alone are ...stimated at $170,000 annually.

The new residential schedule for the Portland rate ...rea is one of the lowest in the nation:

First 50 kilowatt hours	3 cents per kwh
Next 75	2.5 cents per kwh
Next 100	1.5 cents per kwh
Next 300	0.5 cents per kwh
Excess	1.0 cents per kwh

Minimum charge 35 cents per month.

Commercial lighting and small power rates were ...educed on March 25, 1940, with estimated annual ...avings of $228,000 to this class of users. Revisions ...n high voltage industrial power rates have also been ...ade. Total annual savings to all classes of custom...rs from this rate reduction program are estimated at ...pproximately $800,000, or the equivalent of a large ...art of the Company's 1939 net income of $623,830.

An intensified sales program is being carried on by ...e Company's business development department to ...timulate use of electricity at the very low rates now in effect. Twin objectives of the program will be to ...ve customers gain the greatest possible advantage ...om the new schedules by increased use of electric ...rvices and to restore the Company's earning power.

Status of Bonneville Power Purchases Throughout 1939 the Company purchased varying amounts of energy from the Bonneville Project under a temporary arrangement which expired at the end of the year. A large part of the energy taken was passed into the system of the Portland General Electric Company, which is now purchasing its requirements direct from Bonneville over transmission lines built by the government and put into operation in December, 1939.

Studies of the Company's load growth indicate that existing power sources will be adequate to meet its system demand through 1940, and that these sources offer the greatest economy of operation under present load conditions.

In accordance with its affirmed policy, the Company stands ready to purchase Bonneville power as rapidly as it can be utilized to advantage. The availability of a reservoir of government-subsidized power at Bonneville to carry future increases in load, thus relieving the Company of the necessity of developing added power sources of its own, was an important factor in the Company's decision to accept far greater rate reductions in 1940 than its earnings could otherwise justify. In effect, the Company is passing on to its customers in advance the savings it may later realize from the purchase of Bonneville power.

Bonneville Developments Presently installed and operating are the first two generating units at Bonneville, with a combined capacity of 86,400 kilowatts. The second two units, each of 54,000 kilowatts, are scheduled for completion early in 1941. The fifth and sixth units of 54,000 kilowatts each are under construction, and it is reported that they will be ready for use in 1942. The six units will have a total capacity of 502,400

The Company's expenditures in 1939 for construction and maintenance amounted to $459,400. Here a line crew is shown setting a new pole with the aid of a modern truck.

kilowatts, as compared with the ultimate capacity of 2,835,000 kilowatts when all ten units are in place.

From the dam, a transmission system is under construction with funds appropriated by Congress or allotted by the Public Works Administration and the Works Progress Administration. The total of these funds for transmission lines up to and including the fiscal year 1940, is approximately $30,000,000. An additional sum of $6,000,000 has been requested from Congress for continuing and expanding the transmission line construction program in the 1941 fiscal year.

Substantially completed to date are a double circuit line from Bonneville to Vancouver, Washington, and a single circuit line from Vancouver to Portland and thence south through the Willamette Valley to the city of Eugene, Oregon. A single circuit line from Bonneville to Grand Coulee is scheduled for completion in the fall of 1940. Other lines are under construction from Vancouver to the Grays Harbor and Puget Sound districts in Washington and from Bonneville to Hood River and The Dalles, Oregon. Extensions from these various lines to other points in Oregon and Washington are under construction or in prospect.

Public Power Activities. A proposal concerning the creation of a people's utility district was voted upon by the citizens of Portland at the May 17, 1940, primary election. The boundaries of this proposed district were to be the same as those of the municipality. The stated purpose of the district sponsors was to acquire the Company's distribution system in Portland, together with the system of the Portland General Electric Company, for the purpose of distributing energy from Bonneville. The proposal was defeated by a vote of 75,180 to 40,408.

Public utility districts are already in existence in three counties in Washington (Clark, Skamania and Cowlitz) in which the Company operates. During the past year there has been no significant change in the situation confronting the Company in those counties.

Personnel. Since 1927 the Company has had in effect a group insurance plan under which employees were protected at the end of 1939 by a total of $1,478,466 in life insurance in which the Company shares the cost with its employees. Policies are issued to every employee at no cost to him on completion of six months' service. Under the plan additional insurance may be taken by employees in amounts based on length of service. The cost of the additional insurance is borne jointly by the employee and the Company. Since 1927 beneficiaries of employees have received $124,262 under the group life insurance plan.

With the Company's cooperation employees also operate a Credit Union through which loans are arranged to provide funds for emergencies and for such purposes as the purchase and remodeling of homes.

The directors and officers of the Company wish to express their appreciation of the fine work done by the members of the organization during the past year. The quality of service rendered by them to the public has been of the highest order and reflects the forward-looking, constructive spirit of the organization, the names of whose members are listed on pages [illegible] of this report.

Respectfully submitted,

By Order of the Board of Directors,

I. F. MEEKER, *President.*

July 22, 1940.

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

PITTOCK BLOCK
PORTLAND

Accountants' Certificate

NORTHWESTERN ELECTRIC COMPANY

We have made an examination of the balance sheet of Northwestern Electric Company as of December 31, 1959 and of the related statement of income and earned surplus for the twelve months ended that date. In connection therewith, we examined or tested accounting records of the Company and other supporting evidence in a manner and to the extent which we considered appropriate in view of the system of internal accounting control. We have previously made similar examinations for the years 1952 to 1958, inclusive.

In our opinion, based upon such examination and subject to the adequacy of the Company's property retirement reserve appropriations, as to which we are not in a position to express an opinion, the accompanying balance sheet, with its footnotes, and related statement of income and earned surplus fairly present, in accordance with accepted principles of accounting consistently followed by the Company, its financial condition at December 31, 1959 and the results of its operations for the twelve months ended that date.

HASKINS & SELLS,
Certified Public Accountants.

Portland, Oregon,
February 10, 1960.

Northwestern Electric Company

(Incorporated Washington)

Balance Sheet December 31, 1939

ASSETS

Fixed Property and Equipment (including miscellaneous fixed assets)	$21,272,964.71
Investments	9,577.21
Current and Accrued Assets:	
Cash on hand	$ 344,670.00
Deposits	6,048.17
Accounts receivable	119,921.46
Materials and supplies	139.28
Prepayments and other current assets	180,503.98
Total current and accrued assets	651,283.09
Deferred Debits:	
Unamortized discount on bonds	97,556.70
Other	1,284.28
Total deferred debits	98,840.98
Reacquired Capital Stock: 856 shares first preferred (7%)	32,000.00
Contingent Assets (see contra)	7,778.05
Total	$23,046,897.84

LIABILITIES

Capital Stock:	
First preferred (7% Cumulative), $100 par; preference over preferred no. 1 cumulative and common stocks as to dividends and in liquidation; authorized, 100,000 shares; issued, 47,980 shares	$ 4,798,000.00
Preferred (6%), cumulative, $100 par; preference over common stock as to dividends and in liquidation; authorized, 20,000 shares; outstanding, 600 shares	60,000.00
Common, $5 par; authorized and outstanding, 700,000 shares	3,500,000.00
Total capital stock	$ 8,358,000.00
Long Term Debt:	
First mortgage bonds 4½ series due 1960	$ 6,000,000.00
5% debentures, due 1950	2,500,000.00
Total long term debt	$ 8,500,000.00
Current and Accrued Liabilities:	
Accounts payable	
Inland Power & Light Company	$ 1,857.30
Pacific Power & Light Company	7,000.00
Others	110,393.56
Dividends declared	8,000.00
Customers' deposits	31,921.12
Taxes accrued	920,006.26
Interest accrued	119,000.00
Other current and accrued liabilities	2,900.78
Total current and accrued liabilities	1,098,179.02
Deferred Credits:	
Revenues collected in advance	$ 129,581.00
Other	70,773.84
Total deferred credits	200,354.84
Reserves:	
Property retirement	$ 1,976,190.73
Uncollectible accounts	8,000.00
Inventory adjustment	27,250.00
Injuries and damages	836,673.13
Other	60.00
Total reserves	2,848,127.11
Contributions in Aid of Construction	6,630.00
Contingent Liabilities (contra)	7,778.05
Earned Surplus	1,070,930.99
Total	$23,046,897.84

Northwestern Electric Company

Statement of Income and Earned Surplus

For the Twelve Months Ended December 31, 1939

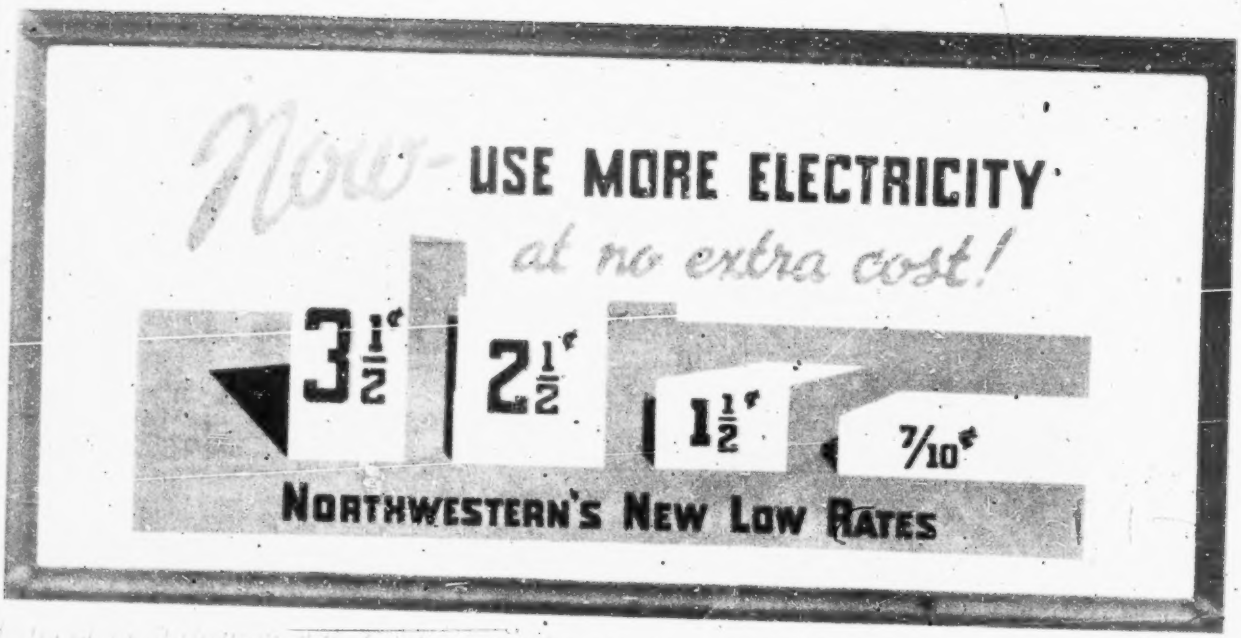
(Statement of income for the twelve months ended December 31, 1938, shown for comparative purposes)

Income

	Twelve Months Ended December 31— 1939	1938
Operating Revenues	$1,784,016.36	$1,330,906.39
Operating Revenue Deductions:		
Operating expenses, depreciation, taxes	$ 607,760.02	$ 570,802.12
Amortization of utility plant adjustments	2497	2592
Provision for renewal reserve appropriation	100,000.00	100,000.00
Total operating revenue deductions	$ 707,763.09	$ 693,825.01
Net Operating Revenues	$1,076,253.27	$ 637,111.37
Rent for Lease of Plant	212.28	206.44
Operating Income	$1,076,040.99	$ 636,904.93
Other Income	1098	1098
Gross Income	$1,166,911.42	$1,028,258.51
Interest on Mortgage Bonds	$ 320,961.60	$ 320,961.60
Interest on Debentures	227,916.66	
Other Interest and Deductions	196,322.77	240,017.49
Total	$ 744,231.06	$ 560,979.09
Less Interest Charged to Construction	1148	2557
Net interest and other deductions	$ 744,081.03	$ 560,973.52
Net Income	$ 623,830.39	$ 467,285.02

Summary of Earned Surplus

Earned Surplus, January 1, 1939	$2,151,037.53
Add Miscellaneous Credits	925.45
Total	$2,151,962.98
Deduct:	
Premium on debt discount and expense and other charges on first mortgage bonds retired and sinking fund bonds called for redemption	
Miscellaneous	1,000.00
Loss on sale of miscellaneous plant	924.60
Tax	56.33
Balance	$1,853,631.16
Add Net Income for the Period per Above	623,830.39
Total	$2,459,181.55
Deduct:	
Dividends on preferred stock	$ 464,000.00
Dividends on common stock	24,250.56
Total	$ 488,250.56
Earned surplus, December 31, 1939 (of which $1,970,930.99 is free as to common dividends)	$1,970,930.99



SERVICE AND PROPERTY

Northwestern Electric Company supplies electric power and light service in a large part of Portland, Oregon, and Vancouver, Washington, and in various other communities and rural areas in Skamania, Clark and Cowlitz counties in the State of Washington and Columbia County in the State of Oregon, as well as steam heating service in Portland.

The total number of customers served by the Company, and data concerning its physical equipment (including properties operated but not owned) as at December 31, 1939, and the electric output for the twelve months ended on that date, compared with the previous year, are stated below:

	1939	1938
Number of customers served		
With electric power and light	15,268	15,280
With steam heat	390	398
Total customers	15,658	15,678
Kilowatts generating station capacity installed	7,000	7,000
Kilowatt hours generating station output (including power purchased) for 12 months	48,761,000	47,190,000
Miles of electric lines (all voltages) irrespective of the number of circuits carried	1,291	1,285

The Northwestern Electric Company Organization*

NAME	OCCUPATION	LOCATION
[illegible] R. H.	Assistant Engineer	Portland, Oregon
[illegible]	Meter Reader	Portland, Oregon
[illegible] Otis	Line Foreman	Vancouver, Washington
[illegible] W. M.	Supervising Accountant	Portland, Oregon
[illegible] A. W.	Cost Analyst	Portland, Oregon
[illegible]	Lineman	Vancouver, Washington
[illegible]	Stenographer	Portland, Oregon
[illegible]	Auto Mechanic	Portland, Oregon
[illegible]	Salesman	Rainier, Oregon
[illegible] R. H.	Operator	Vancouver, Washington
[illegible]	Meterman	Portland, Oregon
[illegible]	District Sales Agent	Vancouver, Washington
[illegible] Ray	Salesman	Portland, Oregon
[illegible] K. J.	Electrician	Portland, Oregon
[illegible] A. W.	Purchasing Agent	Portland, Oregon
[illegible] Carl	Conveyorman	Portland, Oregon
[illegible]	Clerk	Portland, Oregon
[illegible] Carl	Lineman	Vancouver, Washington
[illegible] A. L.	Winch Operator	Portland, Oregon
[illegible] John W.	Inspector	Portland, Oregon
[illegible] John	Load Dispatcher	Portland, Oregon
[illegible] George M.	Salesman	Portland, Oregon
[illegible] J. M.	Winch Operator	Portland, Oregon
[illegible]	Truck Driver	Portland, Oregon
[illegible] Paul R.	Working Foreman	Vancouver, Washington
[illegible] Harold	Laborer	Portland, Oregon
[illegible] Clarence E.	Oiler	Portland, Oregon
[illegible]	Designing Engineer	Portland, Oregon
[illegible]	Chainman	Portland, Oregon
[illegible] M. L.	Lineman	Vancouver, Washington
[illegible] W. F.	Salesman	Portland, Oregon
[illegible] H. M.	Lineman	Portland, Oregon
[illegible]	Residential Sales Supervisor	Portland, Oregon
[illegible] S. B.	Operator	Vancouver, Washington
[illegible]	Meter Reader	Portland, Oregon
[illegible]	Collector	Portland, Oregon
[illegible]	Service Supervisor	Vancouver, Washington
[illegible]	Shift Engineer	Portland, Oregon
[illegible] J. T.	Lineman	Portland, Oregon
[illegible] R. T.	Meterman	Portland, Oregon
[illegible]	Inspector	Portland, Oregon
[illegible] H.	Headhouseman	Portland, Oregon
[illegible]	Engineer's Helper	Portland, Oregon
[illegible] W. D.	Oiler	Portland, Oregon
[illegible]	Stenographer	Portland, Oregon
[illegible]	Field Representative	Portland, Oregon
[illegible] Margaret	Copywriter	Portland, Oregon
[illegible] W. E.	Sales Service	Portland, Oregon
[illegible] A. K.	Lineman	Portland, Oregon
[illegible] Harry	Apprentice Lineman	Vancouver, Washington
[illegible] W.	Load Dispatcher	Portland, Oregon
[illegible] J. W.	Display Man	Portland, Oregon
[illegible]	Groundman	Portland, Oregon
[illegible] R. A.	Local Manager	Rainier, Oregon
[illegible]	General Utility Man	Portland, Oregon
[illegible] Jerome	Addressograph Operator	Portland, Oregon
[illegible] W. H.	Salesman	Vancouver, Washington
[illegible]	Clerk	Portland, Oregon
[illegible]	Oiler	Kindersley, Washington
[illegible]	Clerk	Portland, Oregon
[illegible]	Inspector	Portland, Oregon
[illegible]	Helper	Portland, Oregon
[illegible]	Electrician's Helper	Portland, Oregon
[illegible]	Janitor	Rainier, Oregon
[illegible]	Manager Resources & R[illegible]	Portland, Oregon
[illegible]	Home Economist	Portland, Oregon
[illegible]	Engineer	Vancouver, Washington
[illegible]	General Foreman	Portland, Oregon
[illegible]	Junior Sales Service	Portland, Oregon
[illegible]	Assistant to Secretary Treasurer	Portland, Oregon
[illegible]	District Sales Agent	Vancouver, Washington
[illegible]	Troubleman	Portland, Oregon
[illegible]	Stenographer	Portland, Oregon
[illegible]	Billing Machine Operator	Portland, Oregon
[illegible]	Meter Reader	Camas, Washington
[illegible]	Electrician's Foreman	Portland, Oregon
[illegible]	Special Billing Clerk	Portland, Oregon
[illegible]	Salesman	Portland, Oregon
[illegible]	Stenographer	Portland, Oregon
[illegible]	Helper	Portland, Oregon
[illegible]	Bill Delivery	Portland, Oregon
[illegible]	Clerk	Portland, Oregon
[illegible]	Troubleman	Vancouver, Washington
[illegible]	Clerk	Portland, Oregon
[illegible]	Utility Clerk	Portland, Oregon
[illegible]	Home Economist	Vancouver, Washington
[illegible]	Cash Teller	Portland, Oregon
[illegible]	Laborer and Truck Driver	Vancouver, Washington
[illegible]	Assistant Purchasing Agent	Portland, Oregon

* [illegible] of the Company or March [illegible]

NAME	OCCUPATION	LOCATION
Coyle, Douglas	Meter Reader	Vancouver, Washington
Clark, Estelle G	Typist	Portland, Oregon
Clark, S. R.	Superintendent Underground	Portland, Oregon
Clarke, Flora B.	Clerk	Portland, Oregon
Clary, J. C.	Bookkeeper	Camas, Washington
Cole, S. D.	Postmaster	Portland, Oregon
Coleman, M. J.	Operator	Portland, Oregon
Collins, L. F.	Utility Man	Portland, Oregon
Collison, George	Stores Accountant	Portland, Oregon
Collison, Thomas	Bill Collector	Portland, Oregon
Combs, Clinton C.	Engineer's Helper	Portland, Oregon
Comer, A. J.	Lineman	Vancouver, Washington
Connor, Madeline M.	Clerk	Vancouver, Washington
Conway, H. A.	Credit Man	Portland, Oregon
Coon, E. S.	Clerk	Portland, Oregon
Copeland, Jacquin B.	Home Service Advisor	Vancouver, Washington
Cornell, H. E.	Operator	Portland, Oregon
Cox, Nancy Jane	Home Economist	Portland, Oregon
Crabtree, M. Dessie	Clerk	Portland, Oregon
Crane, J. J.	Boiler Room Helper	Portland, Oregon
Cummings, F. E.	Inspector	Portland, Oregon
Dame, W. F.	Supervisor	Portland, Oregon
Daniels, R. L.	Lineman	Renner, Oregon
Daniels, Harold A.	Engineer	Vancouver, Washington
Danielson, E. A.	District Sales Agent	Vancouver, Washington
Davidson, Alice M.	Solicitor	Portland, Oregon
Davis, C. M.	Lineman	Vancouver, Washington
Dawson, Jean	Stenographer	Portland, Oregon
De Roo, Emery	Lineman	Portland, Oregon
De Rosay, Evelyn	File Clerk	Portland, Oregon
Deimel, Henry	Steam Fitter	Portland, Oregon
Demers, D. C.	Shift Engineer	Camas, Washington
Dempsey, Genevieve	Home Economist	Portland, Oregon
Dennis, W. J.	Assistant General Manager	Vancouver, Washington
Dexter, Floyd L.	Meter Reader	Portland, Oregon
Doerring, Georgiana	Stenographer	Portland, Oregon
Dorn, Art	Laborer	Portland, Oregon
Dorshorff, John	Advertising Supervisor	Portland, Oregon
Dillon, Nell	Billing Machine Operator	Portland, Oregon
Dupuis, Howard R.	Clerk	Portland, Oregon
Donahue, R. E.	Operator	Vancouver, Washington
Dunn, W. M.	Chief Engineer	Portland, Oregon
Durant, George A.	Engineer	Vancouver, Washington
Dyer, M. D.	Assistant Superintendent	Portland, Oregon
Dykstra, C. E.	Foreman	Portland, Oregon
Dyer, Carroll S.	Laborer and Groundman	Vancouver, Washington
Dyckhouse, R. L.	Clerk	Portland, Oregon
Eaton, Gene	Troublesman	Portland, Oregon
Ebert, F. P.	Load Dispatcher	Portland, Oregon
Ebert, J. M.	Laborer	Portland, Oregon
Elliott, Douglas P.	Clerk	Portland, Oregon
Ellis, J. D.	Engineer	Portland, Oregon
Ellis, Rolla W.	Meterman	Portland, Oregon
Ellison, Mary J.	Clerk	Portland, Oregon
Elrod, Mildred	Supervisor of Home Service	Portland, Oregon
Ely, Hubert W.	Bill Collector	Portland, Oregon
Emrie, W. W.	District Sales Agent	Portland, Oregon
Erie, L. M.	Operator	Vancouver, Washington
Estes, Clarence	Troublesman	Underwood, Washington
Eustace, Anne	Stenographer	Portland, Oregon
Fagale, R. W.	Sales Engineer	Portland, Oregon
Fair, Dessa	Stenographer	Portland, Oregon
Fellman, Walter	Lineman	Camas, Washington
Fetter, Howard P.	Collector	Portland, Oregon
Fisher, Clifford V.	Cable Splicer's Helper	Portland, Oregon
Flaherty, D. T.	Shift Engineer	Portland, Oregon
Flannery, Laurence	Boiler Serviceman	Portland, Oregon
Flynn, H. L.	Operator	Portland, Oregon
Fluck, H. Lee	Clerk	Portland, Oregon
Foley, R. K.	Carpenter	Portland, Oregon
Forrest, R. F.	Assistant to District Manager	Vancouver, Washington
Fountain, E. R.	Sales Service	Portland, Oregon
Franklin, C. J.	Contact Man	Portland, Oregon
Frantz, J. D.	Assistant Superintendent	Portland, Oregon
Fraser, W. F.	Lineman	Portland, Oregon
Freeland, Frank	Load Dispatcher	Portland, Oregon
Frey, John H.	Operator	Portland, Oregon
Fuller, Raymond V.	Station Serviceman	Portland, Oregon
Fultz, V. J.	Janitor	Vancouver, Washington
Gadbolt, Roy	Assistant Rate Engineer	Portland, Oregon
Galloway, E. P.	Load Dispatcher	Portland, Oregon
Garratt, Dick	Lineman	Portland, Oregon
Garrett, W. V.	Meterman	Portland, Oregon
Gay, T. I.	Patrolman	Portland, Oregon
Gebhart, Lulu Mae	Janitress	Camas, Washington
Gee, F. H.	Salesman	Vancouver, Washington
Geiger, G. E.	Meter Reader	Portland, Oregon
Gehrke, Harold C.	Salesman	Vancouver, Washington
Gildinger, A. S.	Foreman	Portland, Oregon
Gilbert, W. T.	Tree Driver	Vancouver, Washington
Gilliam, Ruth	Stenographer	Portland, Oregon
Glenn, M. S.	Sales Engineer	Portland, Oregon
Glenn, H. A.	Groundman	Portland, Oregon
Godfrey, John	Helper	Portland, Oregon
Goldsberry, Virgil	Salesman	Portland, Oregon
Goodall, Eugene D.	Engineer's Helper	Portland, Oregon

NAME	OCCUPATION	LOCATION
[illegible], Jay J.	Chief Clerk	Portland, Oregon
[illegible], O. P.	Winch Operator	Portland, Oregon
[illegible], George	General Storekeeper	Portland, Oregon
[illegible], E. L.	Bookkeeper	Vancouver, Washington
[illegible]	Salesman	Woodland, Washington
[illegible], Carolyn	Stenographer	Portland, Oregon
[illegible]	Salesman	Portland, Oregon
[illegible], William P. Jr.	Writer	Portland, Oregon
[illegible], Chas.	District Sales Agent	Vancouver, Washington
[illegible], Jane	Clerk and Stenographer	Camas, Washington
[illegible], H. E.	Car Washer	Portland, Oregon
[illegible], Lewis	Laborer and Groundman	Vancouver, Washington
[illegible], Fred	Clerk	Portland, Oregon
[illegible], G. B.	Deckman	Portland, Oregon
Haddon, M. A.	Mail Clerk	Portland, Oregon
[illegible], R. C.	Troubleman	Portland, Oregon
[illegible], C. M.	Clerk	Vancouver, Washington
Halford, Archie P.	Helper	Portland, Oregon
Hall, Fred B.	Home Economist	Portland, Oregon
[illegible], Clarence J.	Inspector	Portland, Oregon
Halleman, George E. Jr.	Salesman	Portland, Oregon
[illegible], Doris	Comptometer Operator and Typist	Portland, Oregon
Hamilton, R. F.	Meterman	Portland, Oregon
Hamilton, William W.	Steam Fitter	Portland, Oregon
Hammerstein, E. L.	Salesman	Portland, Oregon
Hammett, Ina R.	Sales Clerk	Vancouver, Washington
[illegible], Olga	Comptometer Operator	Portland, Oregon
Hardisty, Fred	District Sales Agent	Vancouver, Washington
Harris, A. J.	Janitor	Portland, Oregon
Harris, John H.	Relief Operator	Portland, Oregon
Hartsell, F. E.	Fireman	Portland, Oregon
Hartsock, P. J.	Meterman	Vancouver, Washington
[illegible], C. B.	Shift Engineer	Portland, Oregon
[illegible], C. L.	Inventory Clerk	Portland, Oregon
[illegible], Margaret	Stenographer	Portland, Oregon
Heller, Frederick F.	Inspector	Portland, Oregon
[illegible], Jim	Conveyorman	Portland, Oregon
[illegible], J. R.	Meterman	Portland, Oregon
[illegible], Eugene J.	Typist	Portland, Oregon
[illegible], D. J.	Superintendent Line Department	Portland, Oregon
[illegible], G. M.	Engineer's Clerk	Portland, Oregon
[illegible], J. M.	Shift Engineer	Portland, Oregon
Hollenbeck, Frank J.	Laborer	Rainier, Oregon
Holmberg, Wallace	Foreman	Rainier, Oregon
Holmberg, Walter	Lineman	Kalama, Washington
Holmes, Arlene	Stenographer	Portland, Oregon
Holmes, William A.	Truck Driver	Portland, Oregon
[illegible], Kenneth S.	Sales Supervisor	Vancouver, Washington
[illegible], Vance	District Engineer	Vancouver, Washington
[illegible], J. A.	Assistant Superintendent	Portland, Oregon
[illegible], D. A.	Superintendent Overhead Distribution	Portland, Oregon
[illegible], C. A.	Special Billing Clerk	Portland, Oregon
[illegible], Albert	Deckman	Portland, Oregon
[illegible], Jack W.	Meter Reader	Rainier, Oregon
[illegible], W. C.	Deckman	Portland, Oregon
[illegible], Owen W.	Assistant Engineer	Portland, Oregon
[illegible], Tim	Steam Fitter's Helper	Portland, Oregon
[illegible], George E.	Load Dispatcher	Portland, Oregon
[illegible], F. E.	Utility Man	Portland, Oregon
[illegible], F. J.	Operator	Portland, Oregon
[illegible], Herman	Lineman	Vancouver, Washington
[illegible], F. F.	District Sales Agent	Kalama, Washington
[illegible], John W.	Helper	Portland, Oregon
[illegible], O. L.	Fireman	Portland, Oregon
[illegible], J. B.	Auto Mechanic	Portland, Oregon
[illegible], Frank	Oiler	Underwood, Washington
[illegible], M. L.	Auto Mechanic	Portland, Oregon
[illegible], Alfred D.	Auto Mechanic	Portland, Oregon
[illegible], A. W.	Local Manager	Camas, Washington
[illegible], George L.	District Sales Agent	Vancouver, Washington
[illegible], John W.	Apprentice Lineman	Portland, Oregon
[illegible], Webster A.	Advertising Man	Portland, Oregon
[illegible], H. M.	Fireman	Portland, Oregon
[illegible], Melvin H.	Clerk	Portland, Oregon
[illegible], James	Clerk	Portland, Oregon
[illegible], F. A.	Shift Engineer	Portland, Oregon
[illegible], John W.	Sales Engineer	Portland, Oregon
[illegible], Patrick C.	Apprentice Lineman	Vancouver, Washington
[illegible], J. W.	Laborer	Vancouver, Washington
[illegible], J. B.	Superintendent Inspection Department	Portland, Oregon
[illegible], Paul F.	Electrical Maintenanceman	Portland, Oregon
[illegible], Ray	Laborer	Portland, Oregon
[illegible], C. L.	Accountant	Portland, Oregon
[illegible], J. F. Jr.	Lineman	Vancouver, Washington
[illegible], C. W.	Headhouseman	Portland, Oregon
[illegible]	Cableplicer	Portland, Oregon
[illegible], F. H.	Boiler Serviceman's Helper	Portland, Oregon
[illegible], F. H.	Superintendent	Portland, Oregon
[illegible], Arthur	Truck Driver	Portland, Oregon
[illegible], J. M.	Lineman	Portland, Oregon
[illegible], U. M.	Collector	Vancouver, Washington
[illegible], Arthur O.	Clerk	Portland, Oregon
[illegible], George	Operator	Underwood, Washington
[illegible], Robert	Lineman	Portland, Oregon
[illegible], A. A.	Troubleman	Portland, Oregon
[illegible], R. O.	Helper	Portland, Oregon
[illegible], A. W.	Service Supervisor	Portland, Oregon

NAME	OCCUPATION	LOCATION
Lacy, V. H.	Foreman	Portland, Oregon
Lackey, J. H.	Service Supervisor	Portland, Oregon
Lamb, C. R.	Meter Tester	Vancouver, Washington
Lamb, D. P.	Claim Agent	Portland, Oregon
Landon, Thelma	Comptometer Operator	Portland, Oregon
Landsverk, C. I.	Insurance Clerk	Portland, Oregon
Larkins, Edward C.	Clerk	Portland, Oregon
La Shier, H. F.	Fireman	Portland, Oregon
Lawlor, R. W.	Assistant Treasurer	Portland, Oregon
Lawrenson, E. H.	Clerk	Portland, Oregon
Leach, Arthur D.	Superintendent	Portland, Oregon
Leedom, D. V.	Inspector	Portland, Oregon
Le Fever, O. L.	General Superintendent	Portland, Oregon
Leslie, Virginia A.	Stenographer	Portland, Oregon
Le Vasseur, H. J.	Dealer Sales Promotion	Portland, Oregon
Lewis, F. W.	Clerk	Vancouver, Washington
Liebrich, J. H.	Service Appliance Clerk	Portland, Oregon
Linkous, Glenn	Fireman	Portland, Oregon
Linnestone, Harry	Fireman	Portland, Oregon
Löffel, John	Oiler and Maintenanceman	Longview, Washington
Looney, Tom	Lineman	Portland, Oregon
Lofgas, O. N.	Assistant District Superintendent	Vancouver, Washington
Low, George	Steam Fitter	Portland, Oregon
Low, Warren F.	Heatograph Operator	Portland, Oregon
Low, S. E.	Boiler Room Helper	Portland, Oregon
Malacamba, Andrew	Utility Man	Portland, Oregon
Mansell, A. O.	Service Betterment Engineer	Portland, Oregon
Mallin, Thos. O.	Station Serviceman	Portland, Oregon
Marion, Elwood C.	Clerk	Portland, Oregon
Martin, Kenneth F.	Clerk	Portland, Oregon
Mattarazzo, F. C.	Cablesplicer	Portland, Oregon
Mattox, Ida	Clerk	Rainier, Oregon
Maxwell, G. E.	Lineman	Portland, Oregon
Maxwell, Winfred	Stenographer	Portland, Oregon
May, Harper	Engineer's Helper	Portland, Oregon
McAuley, Ray S.	Meter Reader	Portland, Oregon
McAuley, T. L.	Clerk	Portland, Oregon
McCoy, Robert E.	Clerk	Portland, Oregon
McCormick, D. E.	Rate Engineer	Portland, Oregon
McCulloch, Dorothy	Typist	Portland, Oregon
McCune, S. W.	Truck Driver	Portland, Oregon
McKee, Edward R.	Troubleman	Portland, Oregon
McKee, George A.	Truck Driver	Portland, Oregon
McKee, Paul R.	Special Advisor	Portland, Oregon
McLean, Gilbert	Assistant Engineer	Portland, Oregon
McLeod, Norman	Oiler	Longview, Washington
McNeil, W. A.	Boiler Room Helper	Portland, Oregon
Mead, Desmond	Salesman	Portland, Oregon
Meece, Clark	Salesman	Vancouver, Washington
Meeken, K. R.	Relief Engineer	Portland, Oregon
Meikeff, A. D.	Distribution Engineer	Portland, Oregon
Mendenhall, Nora	Posting Clerk	Portland, Oregon
Mercer, I. L.	President and General Manager	Portland, Oregon
Michels, Frank H.	Load Dispatcher	Portland, Oregon
Michels, Joe	Electrician's Helper	Portland, Oregon
Mikesell, Verna	Stenographer	Portland, Oregon
Milbeck, Margaret S.	Shipping Clerk	Portland, Oregon
Miller, F. I.	Relief Engineer	Portland, Oregon
Mills, F. G.	Oiler Mechanic	Vancouver, Washington
Milnenberger, W. F.	Wireman	Portland, Oregon
Mimmack, Florence	Stenographer	Portland, Oregon
Mongrel, Ma	Local Manager	Kalama, Washington
Mc, John R.	Lineman	Portland, Oregon
Moffatt, H. C.	Lineman	Portland, Oregon
Moffitt, Fred	Troubleman	Portland, Oregon
Monk, Wm.	Foreman	Vancouver, Washington
Moore, C. E.	Service Supervisor	Portland, Oregon
Moore, Harold W.	Sales Engineer	Portland, Oregon
Moreland, W. J.	Superintendent of Station	Portland, Oregon
Morrison, J. A.	Bill Collector	Portland, Oregon
Murphy, D. Harold	Clerk	Portland, Oregon
Murphy, R. K.	Helper	Portland, Oregon
Nash, H. J. Jr.	Relief	Portland, Oregon
Nash, Howard E.	Collector	Vancouver, Washington
Nave, H. J.	Salesman	Portland, Oregon
Neill, Wm. T.	Line Department Supervisor	Portland, Oregon
Nelson, Elmer E.	Meterman	Portland, Oregon
Nelson, W. T.	Clerk	Portland, Oregon
Neuman, Arnold	Janitor and Groundman	Vancouver, Washington
Newton, A. J.	Operator	Portland, Oregon
Nicle, Paul E.	Lineman	Vancouver, Washington
Nolte, Lilly	Typist	Portland, Oregon
O'Connor, Irene	Cashier	Vancouver, Washington
Olmo, E. B.	Service Supervisor	Portland, Oregon
Olsen, J. C.	Foreman	Portland, Oregon
Osment, I. F.	Clerk	Portland, Oregon
Overbeck, E. W.	Clerk Draftsman and Oiler	Longview, Washington
Owings, R. L.	Division Superintendent	Vancouver, Washington
Page, E. A.	Groundman	Vancouver, Washington
Palmer, M. C.	Designing Engineer	Portland, Oregon
Parsons, Elizabeth	Home Economist	Portland, Oregon
Peatie, A. S.	Director	Longview, Washington
Peatie, F. E.	Vice President	Portland, Oregon
Peterson, Floyd	Construction Accountant	Portland, Oregon
Pelton, J. J.	Line Engineer	Portland, Oregon
Peters, E. B.	Boiler Room Helper	Portland, Oregon

NAME	OCCUPATION	LOCATION
Perkins, F. R.	Inspector	Portland, Oregon
Perrin, P. V.	Engineer	Portland, Oregon
Perry, M. J.	Clerk	Portland, Oregon
Perry, Tom	Assistant General Superintendent	Portland, Oregon
Peterson, Paul	Inspector	Portland, Oregon
Peterson, E. R.	Inspector	Portland, Oregon
Peterson, J. A.	Lineman	South Bonneville, Washington
Peterson, J. E.	Laborer	Portland, Oregon
Phipps, Troy A.	Engineer	Portland, Oregon
Plankinton, J.	Manager Sales Bureau	Portland, Oregon
Platt, C. W.	Secretary and Treasurer	Portland, Oregon
Pletcher, Carl N.	Operator	Portland, Oregon
Pollock, Claudia	Typist	Portland, Oregon
Porter, McCauley	Conveyorman	Portland, Oregon
Powers, A. M.	Head Engineer	Portland, Oregon
Powers, J. W.	Station Serviceman's Helper	Portland, Oregon
Pratte, Donald W.	Personnel Man	Portland, Oregon
Price, C. H.	Boiler Serviceman	Portland, Oregon
Priddy, Eleanor	Stenographer	Portland, Oregon
Preston, Barbara	Clerk	Vancouver, Washington
Preston, Ray W.	Appraisal Engineer	Portland, Oregon
Prestine, F. C.	Lineman	Vancouver, Washington
Price, Edwards	Head Engineer	Portland, Oregon
Pugh, V. E.	Station Serviceman	Portland, Oregon
Quick, Joe W.	Engineer	Portland, Oregon
Rasmussen, L. W.	Floor Foreman	Portland, Oregon
Rathbun, Richard T.	Messenger	Portland, Oregon
Reath, K. W.	Engineer's Clerk	Portland, Oregon
Ray, Alice	Typist	Portland, Oregon
Read, Terrell	Clerk	Portland, Oregon
Reed, Ola K.	Stenographer	Portland, Oregon
Reisel, Kenneth	Laborer and Groundman	Vancouver, Washington
Rice, Ella A.	Drawing Clerk	Portland, Oregon
Rice, Ernest	Watchman	Portland, Oregon
Ringle, G. E.	District Line Superintendent	Vancouver, Washington
Rist, B. A.	Clerk	Portland, Oregon
Robinson, F. H.	District Sales Agent	Rainier, Oregon
Rockel, Erwin M.	Steam Fitter	Portland, Oregon
Rogers, Roland	Oiler	Portland, Oregon
Rose, Stephen F.	Salesman	Vancouver, Washington
Rothgeb, Theodore	Home Economist	Kalama, Washington
Rust, Cecil A.	District Sales Agent Supervisor	Vancouver, Washington
Ryan, Arnold N.	Steam Fitter	Portland, Oregon
Ryder, Sal	Salesman	Portland, Oregon
Ryerson, Cornelius	Laborer	Portland, Oregon
Ryder, Emily	Stenographer	Portland, Oregon
Ryman, J. H.	Headhouseman	Portland, Oregon
Sabin, H. A.	Boiler Room Helper	Portland, Oregon
Salisbury, Jane	Stenographer	Vancouver, Washington
Samson, A. M.	Salesman	Portland, Oregon
Sandhauser, Ewald	Comptometer Operator	Portland, Oregon
Sanders, W. F.	Fireman	Portland, Oregon
Sandner, Elmer	Stenographer and Comptometer Operator	Portland, Oregon
Sandvig, Eva M.	Typist	Portland, Oregon
Sant, J. C.	Draftsman	Portland, Oregon
Sant, Cecil E.	Conveyorman	Portland, Oregon
Sargent, Wm.	Lineman	Woodland, Washington
Sather, Lucy S.	Comptometer Operator	Portland, Oregon
Sattler, C. F.	Wireman	Portland, Oregon
Saubert, Harriett	Home Economist	Portland, Oregon
Saunders, John	Foreman	Portland, Oregon
Sauter, J. N.	Engineer's Helper	Portland, Oregon
Sauter, James A.	Bookkeeper	Camas, Washington
Sauter, Marshall T.	Accountant	Portland, Oregon
Sauter, George P.	Salesman	Camas, Washington
Sauter, F. L.	Line Foreman	Vancouver, Washington
Sauthoff, Frances	Comptometer Operator	Portland, Oregon
Savage, Fallon	Cash Teller	Portland, Oregon
Savage, Gustave	Stenographer	Portland, Oregon
Simmons, Cecil	Fireman	Portland, Oregon
Simmons, Geo. E.	Gardener	Portland, Oregon
Simmons, Ralph	Service Supervisor	Portland, Oregon
Sims, Lenore	Secretary	Portland, Oregon
Sinclair, Earl J.	Meterman	Portland, Oregon
Skidmore, D. M.	Conveyorman	Portland, Oregon
Slack, Frank A.	Helper	Vancouver, Washington
Slack, Jay N.	District Manager	Vancouver, Washington
Slagle, James	Lineman	Vancouver, Washington
Slavik, Harry O.	Deskman	Portland, Oregon
Slavin, Ray	Troubleman	Portland, Oregon
Slemmons, Clyde	District Sales Agent	Vancouver, Washington
Smalling, Thomas L.	Draftsman	Vancouver, Washington
Smalling, L. B.	Meterman	Portland, Oregon
Smith, Eleanor F.	Stenographer	Portland, Oregon
Smithgall, L. M.	Carpenter	Portland, Oregon
Smithson, C. E.	Field Representative	Portland, Oregon
Snapp, F. H.	District Chief Clerk	Vancouver, Washington
Sargent, K. L.	Oiler	Portland, Oregon
Sargent, S. H.	Field Auditor	Portland, Oregon
Sargent, Vida	Clerk	Kalama, Washington
Sanders, O. G.	Meterman	Portland, Oregon
Sanders, M. F.	Stenographer	Portland, Oregon
Sanders, F. F.	Groundman	Camas, Washington
Sanders, E. G.	Patrolman	Stevenson, Washington
Sanders, H. F.	Garage Superintendent	Portland, Oregon
Sanders, J. E.	Meter Reader	Portland, Oregon
Sanderson, John	Designing Engineer	Portland, Oregon

NAME	OCCUPATION	LOCATION